



**National Irrigation
Commission
Limited**

Annual Report

2013-2014

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2013-2014

Farewell Tribute



The Honourable Roger Clarke C.D, M.P.

returned to the helm of the
Ministry of Agriculture & Fisheries in January 2012.

He worked tirelessly for the expansion of the irrigation services to farmers
and spearheaded the commissioning of two major irrigation districts:

New Forest / Duff House in St. Elizabeth and
Yallahs Irrigation District in St. Thomas.

Like chimes upon the wind, we see his vision of Our Land.

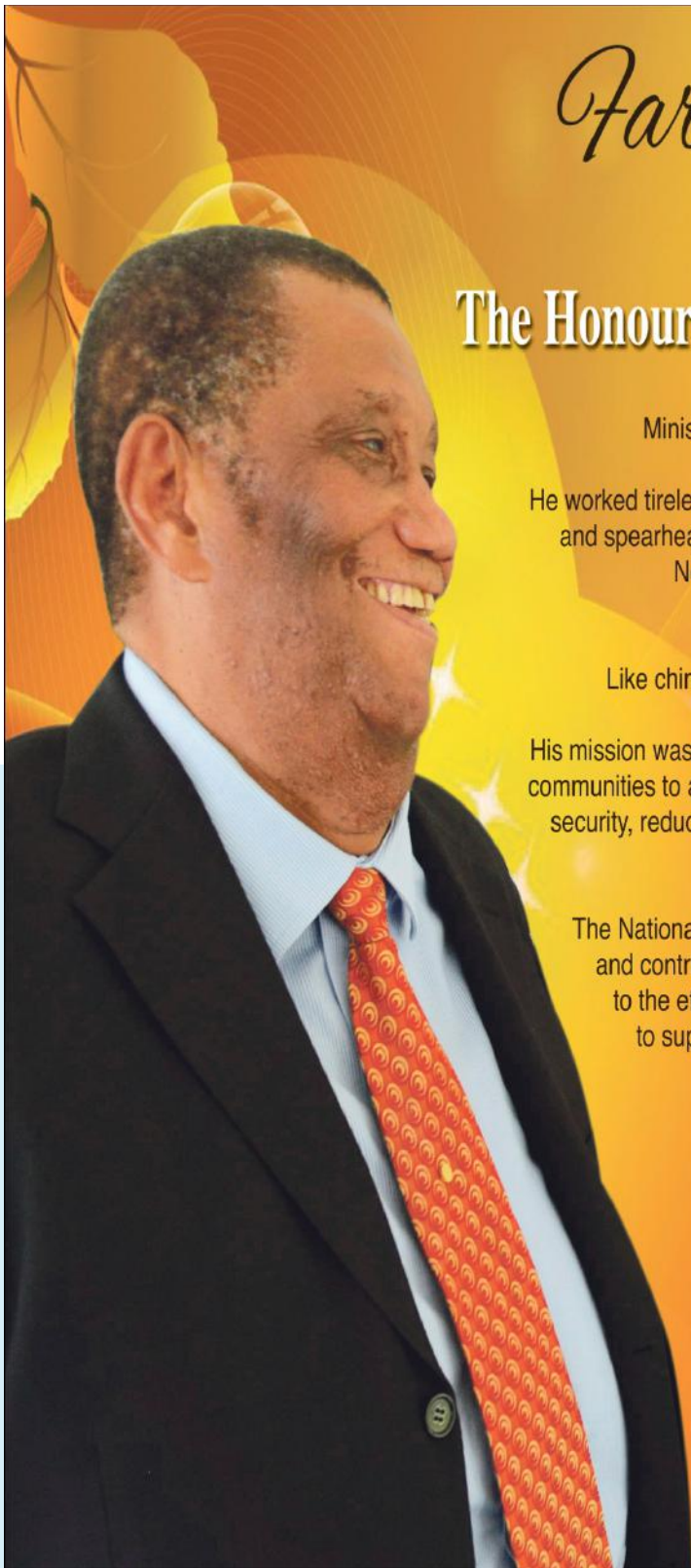
His mission was to touch the lives of all farmers, their families and farming
communities to achieve prosperity while realising our nation's goal of food
security, reduction in the cost of imports and increased contribution to
exports from the agricultural sector.

The National Irrigation Commission Limited celebrates his legacy
and contribution to the development of Jamaica and commits
to the efficient and effective use of irrigation technologies
to support the achievement of increased productivity
of our farmers.

*The Board, Management and Staff of the
National Irrigation Commission Limited
wish to recognise his sterling contribution
and express our deepest condolences to his
family on his recent passing.*



Making the Difference in Agriculture.



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Overview

Our core business at the National Irrigation Commission Limited (NIC) includes:

- providing irrigation services within the irrigation districts of Yallahs, St. Thomas; Mid-Clarendon; Braco, Trelawny; St. Dorothy, Rio Cobre and Colbeck, St. Catherine; New Forest/Duff House in Manchester; Hounslow and Beacon/Little Park, St Elizabeth and Seven Rivers in St. James.
- drainage services in the "Black River area" means-
 - (a) that portion of the Black River including the banks thereof, from the sea to Lacovia Bridge;
 - (b) the Upper Morass area;
 - (c) the Y. S. River area;
 - (d) the areas described in the Additional Areas (Parish of St. Elizabeth) Reclamation Order, 1953, published in the Jamaica Gazette Supplement Proclamations, Rules and Regulations on the 26th day of January, 1953; and
 - (e) such other areas in the parish of St. Elizabeth as the Minister may, by order, specify for the purposes of this Act.

Vision

NIC, a collaborative, efficient, innovative, customer-oriented and viable organisation making our contribution to facilitate a substantial increase in agricultural productivity in irrigated areas.

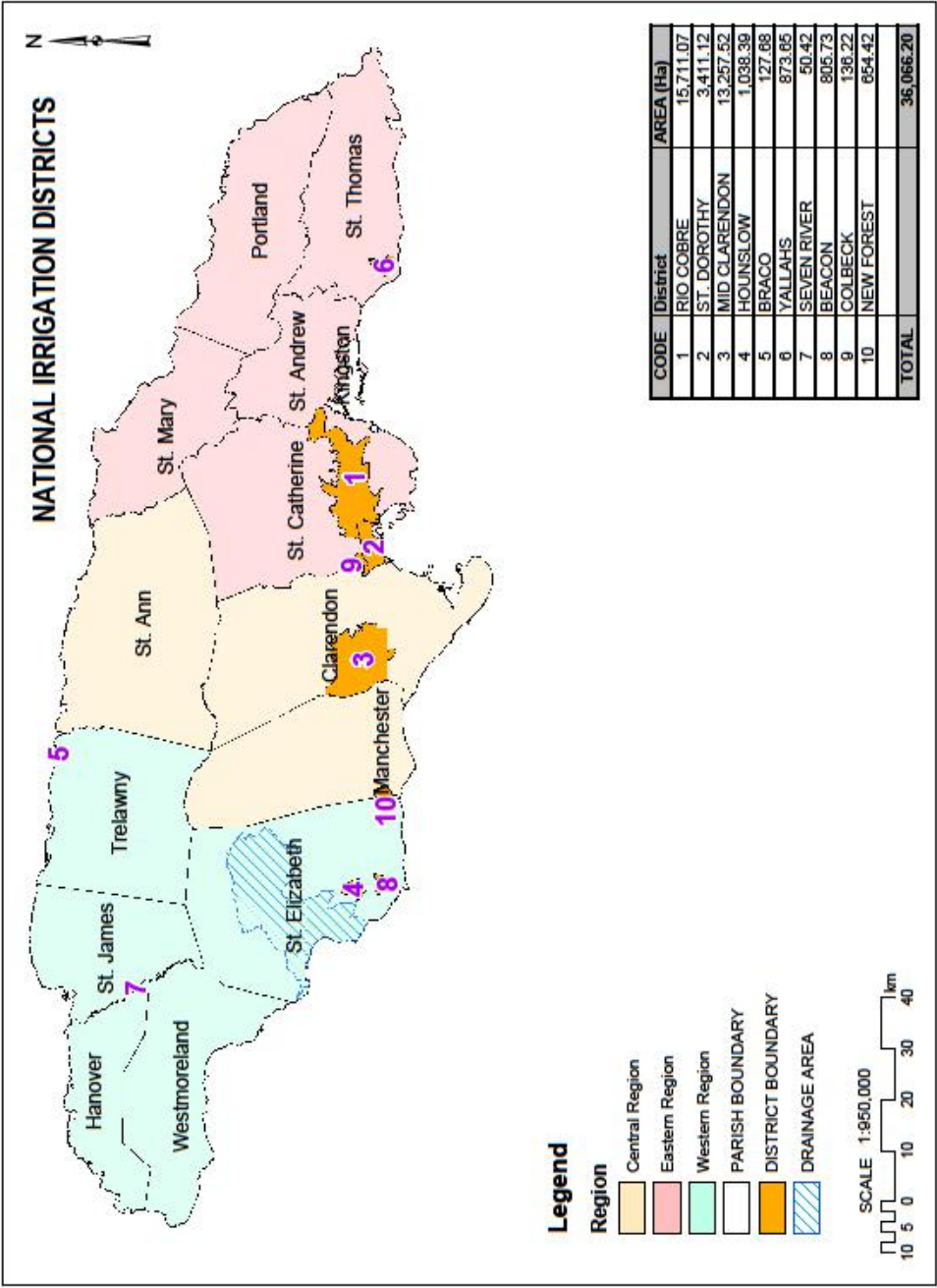
Mission Statement

To enable improvement in agricultural productivity, production and prosperity through the provision of reliable, efficient and affordable irrigation and related services to farmers and other customers while ensuring the viability of the Commission.

Core Values

- **Teamwork**
- **Respect**
- **Excellence**
- **Commitment**
- **Knowledge-Driven**

Irrigation Districts



Five Year Snapshot

The National Irrigation Commission Limited: Five Year Statistics

SIGNIFICANT METRICS	\$'000	\$'000	\$'000	\$'000	\$'000
	2014	2013	2012	2011	2010
Shareholders Equity	447,268	627,535	586,736	504,094	463,834
% Inc./ (decr.) compared to prior year	-28.73%	6.95%	16.39%	8.68%	-19.60%
PROFIT AND LOSS ACCOUNT					
Operating Revenue	984,543	1,005,853	999,961	718,673	634,806
(% dec)/% Inc. compared to prior year	-2.12%	0.59%	39.14%	13.21%	-0.04%
Accumulated Surplus	39,138	219,405	178,605	95,964	55,704
(%decr.)/% Inc. compared to prior year	-82.16%	22.84%	86.12%	72.27%	-67%
IMPORTANT RATIOS					
Admin. Exp. as a % of Total Costs	20.74%	24.45%	24.74%	19.93%	26.32%
Operating Exp. as a % of Total Costs	79.26%	75.40%	74.33%	78.89%	73.67%
Electricity Exp. as a % of Total Costs	29.99%	27.25%	27.67%	25.38%	26.87%
Electricity Exp. as a % of Operating Costs	37.83%	36.14%	37.22%	32.17%	36.48%
Rates as a % of Total Costs	40.45%	46.95%	35.42%	27.30%	23.59%
Rates as a % of Operating Costs	51.03%	62.27%	47.65%	34.60%	32.02%
GOJ Subsidy as a % of Total Costs	42.03%	52.25%	68.86%	65.67%	50.34%
GOJ Subsidy as a % of Operating Costs	53.03%	69.29%	92.64%	83.25%	68.33%

Minister's Message

The National Irrigation Commission Limited (NIC) has achieved the goals set under the National Irrigation Development Plan at the start of the financial year.



I especially would like to highlight the Inter-American Development Bank's partnership with the NIC in the development of over 3,500 hectares of land occupied by 1,939 farmers. These projects costing over US\$21 million have now been completed.

The central focus of the year under review was the commission of the Yallahs Irrigation Scheme (Phase I) building on the New Forrest/ Duff House Irrigation Scheme commissioned in March of 2013 and the Colbeck Irrigation System in St. Catherine in May 2011. The farming communities of Yallahs, St. Thomas; Colbeck and St. Dorothy, St. Catherine; New Forest/Duff House, Manchester and Essex Valley, St. Elizabeth have now all been positively affected. This has resulted in the expansion, by over 12%, of acreage of agricultural lands predominantly cultivated under rain-fed conditions.

The Land and Water Atlas of Jamaica produced by the National Irrigation Development Master Plan revealed that the present rainfall regimes make irrigation a necessity for intensive agriculture to succeed in the south/central region of Jamaica and in line with the strategic direction, the majority of the current irrigation infrastructure is located in this belt.

Increased agricultural will continue to contribute to improved incomes and reduction in the cost of

food for consumers and so contribute to national development.

We must consolidate the gains and continue to mainstream climate change adaptation in our programmes, policies and production processes. The National Irrigation Commission Limited must redouble its efforts over the coming financial year on further institutional strengthening with the provision of expanded technical services to farmers.

The opportunity exists for even greater intensive agriculture in specific areas with good soils and topographical conditions. The way forward necessitates a holistic approach to interventions for farmers in the irrigation schemes with intersectoral collaboration to ensure effective utilisation of resources.

I would like to thank the Board of Directors for their service during this year. In spite of the challenges and the changes, the Board has maintained its focus on charting the way forward and consolidating the gains made.

The management and staff must be encouraged to continue their commitment to support the work of the Commission and by extension the mandate of the Ministry of Agriculture and Fisheries. I must express a nation's gratitude for the excellence and commitment in making the establishment of the agro parks a reality. This effort is particularly noteworthy because of the stringent time frames which were required to make this happen. I am confident of the success of these ventures.

God bless you all, God bless Jamaica.

A handwritten signature in dark ink, appearing to read 'Roger Clarke'.

Honourable Roger Clarke,
C.D., M.P.

Chairman's Message

I would like as Chairman and on behalf of the Board of the National Irrigation Commission Limited to commend the management and staff of the organisation for their support and fixity of purpose during the past year and particularly

during the period of the tenure of this Board since October 2013.



The Board and the Commission have an important responsibility to the community and to the country at large. Coupled with that responsibility, we have been tasked by the Minister of Agriculture, the Honourable Roger

Clarke to deliver highly effective and cost efficient services in the current fiscal environment.

Setting a New Direction

We have crafted a new strategic direction with a focus on tackling the threats currently faced by the Commission in the context of escalating electricity costs and infrastructural deficiencies. To guide the transformation, we have established three major commitments to our customers, staff and other stakeholders. The Board renewed its focus on identifying sustainable solutions and mitigating strategies in response to climate change.

The fruits of these efforts were highlighted by the articulation of a new vision for the Commission, a refined and refocused mission and the establishment of cultural norms of trust, respect, excellence, commitment, knowledge (in everything we do) as the bulwark of the spirit de corps we are determined to build.

Having laid this foundation, we now look forward to building a team committed to the flawless execution and implementation of the strategy initiatives collectively agreed at a retreat with both the Board and management of the Commission in December 2013.

On behalf of the Board of Directors, I would like to especially thank the Permanent Secretary, Mr. Donovan Stanberry and the Minister of Agriculture, our sector partners and the Inter-American Development Bank for supporting the efforts of the Commission and the agricultural sector in achieving the successes in expanding productivity especially in the New Forest/Duff House Irrigation Districts.

We are committed to building on these successes in the coming financial year, which will seek greater focus on exploiting renewable energy, cost containment and inter-sectoral support to the farming community as we partner on these initiatives for the betterment of the agricultural sector and Jamaica.

Our goal at the National Irrigation Commission Limited is to encourage and foster positive relationships amongst all our stakeholders and build a customer centric ethos that can continue to respond to the challenges faced. We are committed to this end.

A handwritten signature in black ink, which appears to read 'Conrad Douglas'. The signature is written in a cursive, flowing style. Below the signature is a horizontal line.

Dr. Conrad Douglas

Bsc., Ph.D., M.J.I.E., M.J.I.M.

Acting CEO's Message

I would like to thank the Board of Directors for their support and guidance during my tenure as Acting Chief Executive Officer (CEO).



This year, the Commission's focus was on human capital with staff engagement being a priority as we continue to develop and deliver initiatives which have wide ranging impact on our future operations

and direction. As at March 31, 2014, we had a workforce of one hundred and ninety-six employees involved in Engineering, Accounting and Administrative disciplines across our Head Office and seven District Offices.

This allowed for the active participation by the staff of the Commission to support the attainment of government priorities such as the establishment of the irrigation systems of the agro parks at world class standards.

To help guide NIC's reform and position us well for the future, we established three principal approaches. Our approach will focus on:

- A commitment to excellence in everything we do
- Ensuring the delivery of results and value for money
- Re-engineering our operations

The Commission's strategic plan is the foundation for successfully navigating the variety of challenges we confront as we chart the way forward. It also aligns with the longer term objectives for the provision of irrigation services to the farming community.

The Balanced Scorecard (BSC) system has been established as the framework to be utilised in tracking and assessing future performance, cascaded to all divisions. The areas of immediate focus include financial performance, customer centricity, efficiency of internal processes and fostering learning and growth of all staff members. We will complete the process of the identification of both financial and non-financial indicators in the coming fiscal year.

A key priority for the coming fiscal year, in line with the findings of the Auditor General's report will be the development of measures to build capacity and return the budget to surplus. To achieve this, every transaction and every action must be focused on delivering value for money. The Commission will focus on reengineering, not only our technical skills but on finding new and innovative ways of performing tasks undertaken by staff every day.

Tafari Burry
B.Sc., ACCA

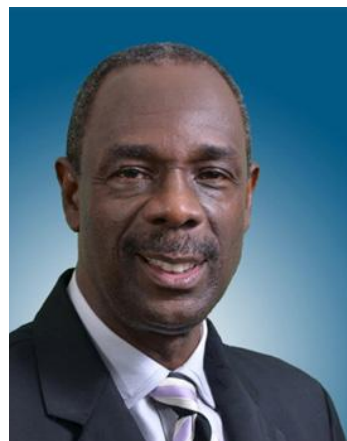
Board of Directors



Dr Conrad Douglas
Chairman



Linford Cooper
Deputy Chairman



Emile Spence



Howard Hill



Edith Chedda



Basil Fernandez



Keith Verley



Miranda Wellington



Balfour Hewitt



Ludgar Parish



Carolyn Campbell



Everton Fisher



Rankin Watson



Oswald Bent



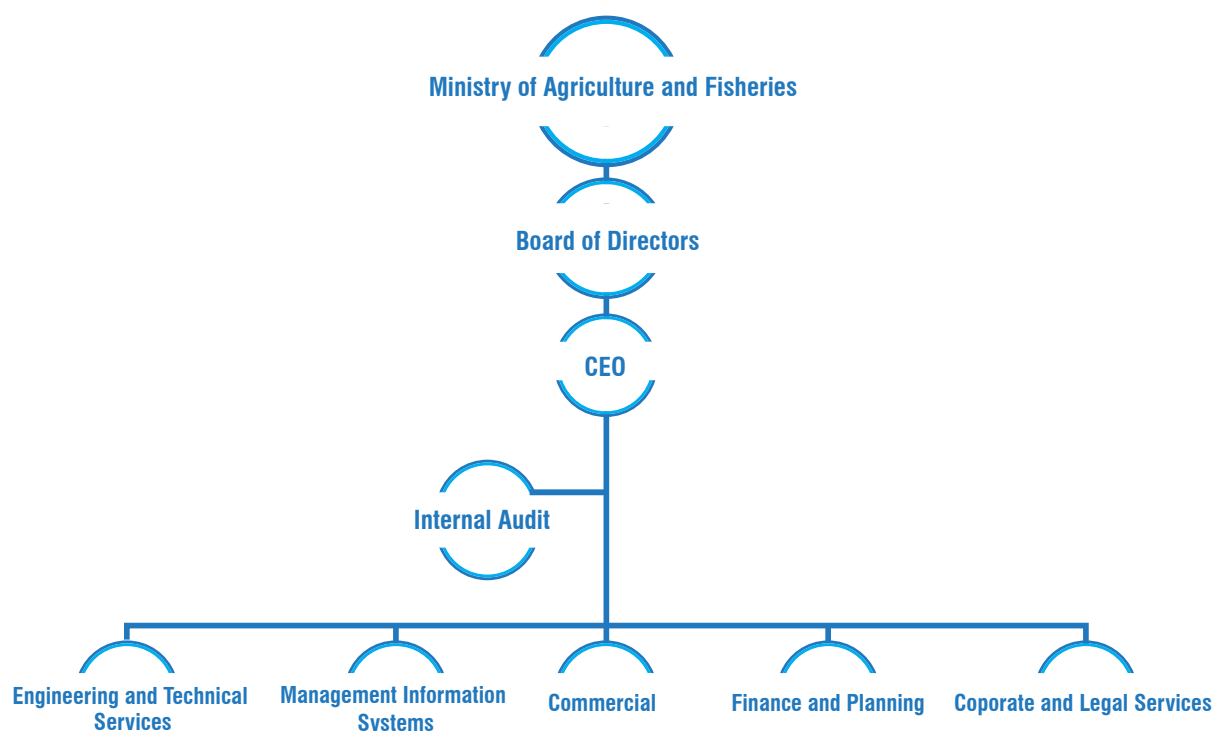
Rev. Glenroy Clarke

Executive Team



Standing: Acting Chief Executive Officer, Tafari Burry, Seated L-R: Paola Arscott, Director of Corporate and Legal Services/ Corporate Secretary; Milton Henry, Director of Engineering and Technical Services; Wayne Barrett, Director of Commercial Operations and Lillian Smith, Acting Director of Finance and Corporate Planning.

Organisational Chart



Governance Statement & Report

GOVERNANCE STATEMENT

The Board of Directors of the National Irrigation Commission Limited commits to an organisation-wide adherence to rules and practices in accordance with best practice principles of corporate governance beyond mere legislative compliance.

The Board seeks to reaffirm its commitment by observing the highest standards of corporate governance. It recognises its responsibility to stakeholders for the performance of the Commission, and seeks to balance sometimes competing objectives in the best interests of the company as a whole. The Chairman is responsible for leading the Board, ensuring proper briefing of directors, facilitating Board discussions and managing the relationships between Board members and staff.

Day-to-day management of the company and implementation of approved strategy and policy initiatives are a separate function and formally delegated to the Chief Executive Officer.

This approach is grounded in clearly defining the following relationships:

Roles, Responsibilities & Relationships

- setting out the roles and responsibilities of the Board, Board Members, the Chair and the Chief Executive Officer;
- managing the key relationships between the Board of Directors and senior management and the Ministry of Agriculture and Fisheries; and
- conducting Board business efficiently and effectively.

Effective Financial Management

- how the Board and senior management demonstrate its financial accountability for the stewardship of public money and its performance in the use of resources.

Standards of Behaviour

- how the Board exercises leadership in determining the values and standards of the organisation, and ensuring compliance with the requirements of ethical standards.

Board Composition

The Board comprises of fifteen directors drawn from private sector, accounting and farming communities across the island.

Board Remuneration

In accordance with fees that are in keeping with Government of Jamaica guidelines and Ministry of Finance and Planning policy, circular number 1, dated January 15, 2007.

Board Sub-Committees

Board sub-committees oversee and advise the Board on specialist issues which require particular focus. The standing committees as at March 31, 2014, are:

- Audit and Risk Management Committee
- Finance and Performance Management Committee
- Projects, Energy and Technology Committee
- Corporate Affairs and Governance Committee

In addition, there are local Advisory and Monitoring Committees which meet as required.

Code of Conduct

The National Irrigation Commission Limited has continued to promote growth in its internal culture, including leadership development initiatives, which reflect our commitment to superior service delivery and performance to shareholders and the wider community. In the creation of a culture of accountability, it is necessary to demonstrate and continually practice behaviour that reinforces these values. The Code of Conduct provides guidance for Directors.

Training

Directors are encouraged to participate in training initiatives offered. The Board Secretariat works in collaboration with the Training and Development Unit to ensure best practices in governance is maintained.

Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities as Directors of the company, at the company's expense and with the permission of the Chairman, to seek independent professional advice on matters of concern.

DIRECTORS' REPORT

Directors present their report on the Commission for the financial year ended 31 March 2014.

Corporate Secretary

Paola Arscott, Attorney-at-Law, was the Corporate Secretary for the period 1 April 2013 to March 31, 2014.

External Auditors

KPMG, the present Auditors, will continue in office pursuant to section 154 of the Companies Act, 2014.

Meetings

The Board of Directors met in person twelve times during the year. The duration of meetings was one to two days. Additionally, a strategic retreat was held to deal with specific items requiring decisions between Board meetings.

Risk Management

The process of refining the formal risk and compliance management system continued during the year, while addressing the further development of policies and procedures. Significant areas such as legislative compliance, workplace health and safety, and management of environmental risks will receive greater focus.

Of concern is the ongoing business risks arising from customers' ability to pay and the NIC's rising input costs.

Compliance

The company has met its operating and statutory requirements during the course of the year 2013/2014.

Auditor's Independence

Company auditors have no representation on the Board or on Board sub-committees, nor is there any relationship between company officers and auditors, other than the normal business relationship between auditor and the Commission.

The Auditor's Independence Declaration is included with the financial statements. Fees paid to the external auditors are fully disclosed in the notes.

Chart 1: Board Sub-Committees - Composition, Role and Number of Meetings Held 2013-2014

BOARD SUB - COMMITTEES	MEMBERS	MEETINGS HELD IN 2013/14
Audit and Risk Management Committee	Keith Verley Dr Conrad Douglas Linford Cooper Edith Chedda Miranda Wellington	7
Finance and Performance Management Committee	Carolyn Campbell - (representative from Ministry of Finance and Planning) Dr Conrad Douglas Linford Cooper Ludgar Parish Rankin Watson Edith Chedda	8
Projects, Energy and Technology Committee	Howard Hill Dr Conrad Douglas Linford Cooper Balfour Hewitt Basil Fernandez – (representative from Water Resources Authority) Oswald Bent Yvonne Barrett-Edwards (representative from Ministry of Science, Technology and Mining)	8
Corporate Affairs and Governance Committee	Emile Spence Dr Conrad Douglas Linford Cooper Rev. Glenroy Clarke Howard Hill Ludgar Parish	4

Legal Proceedings

In the ordinary course of business operations, the Commission is involved from time to time in commercial litigation, employment disputes, conveyancing approaches and other legal proceedings. No current proceedings, individually or in aggregate are expected to have a material effect on the business or financial condition of the Commission.

Financial Statements

The financial statements for the year in review are contained within this Annual Report.

Review of Operations

During the financial year, the NIC produced 86.4 million cubic meters (mcm) of water, invoicing 44.4 mcm and resulting in a 51% invoicing level. A total of 61% of the flows was produced from surface sources and the remaining 39% was supplied from wells.

Significant Changes in the State of Affairs

Changes were made to the Company's Articles of Association as approved by shareholders and registered in December 2012, to amend the nomenclature of Managing Director to Chief Executive Officer.

Directors' Compensation

Position of Director	Fees (\$)	Motor Vehicle Upkeep/ Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All other Compensation including non-Cash Benefits as applicable (\$)	Total (\$)
Statutory Director 1	127,500.00	303,418.00			430,918.00
Statutory Director 2	110,500.00				110,500.00
Statutory Director 3	85,000.00				85,000.00
Statutory Director 4	181,375.00	20,460.00			201,835.00
Statutory Director 5	144,500.00	319,733.20			464,233.20
Statutory Director 6	76,500.00	24,071.20			100,571.20
Statutory Director 7	76,500.00	121,350.00			197,850.00
Statutory Director 8	34,000.00	70,285.00			104,285.00
Statutory Director 9	120,500.00	32,044.00			152,544.00
Statutory Director 10	144,500.00	74,404.40			218,904.40
Statutory Director 11	59,500.00	188,051.00			247,551.00
Statutory Director 12	51,000.00	3,296.60			54,296.60

Position of Director	Fees (\$)	Motor Vehicle Upkeep/ Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All other Compensation including non-Cash Benefits as applicable (\$)	Total (\$)
Statutory Director 13	127,500.00	729,566.70			857,066.70
Statutory Director 14	144,500.00	154,458.00			298,958.00
Statutory Director 15	59,500.00	77,240.00			136,740.00
Statutory Director 16	102,000.00	182,184.00			284,184.00
Statutory Director 17	34,000.00	44,555.00			78,555.00
Statutory Director 18	76,500.00	110,352.00			186,852.00
Statutory Director 19	144,500.00	288,318.20			432,818.20
Statutory Director 20	8,500.00				8,500.00
Total	1,908,375.00	2,743,787.30			4,652,162.30

Strategic Initiative

The Plan for Transformation

The Plan for Transformation began in 2013 under the leadership of Dr. Conrad Douglas, Chairman of the Board with approval from the Ministry of Agriculture and Fisheries. This effort to transform the culture and meet the infrastructural needs of the organisation is emerging in the context of serious resource constraints, changing client demand and global challenges of climate change and food security.

The goals of this Plan are the attainment of the following targets by the end of 2017:

Major Indicators	2013/14 Y0 L/E	2016/17 Y3 Target	% Gap	2014/15 Y1 Target
Volume of irrigation water delivered, million M3	53*	70	32%	56
Overall Unit cost of water delivered, 2013 J\$/M3	18	15	17%	18
% Annual increase in agricultural productivity (over 2013/14) in irrigated areas	TBD	20%	20%	0%
% of our farmers whose earnings have increased	N/A	15%	15%	TBD
# of farmers impacted	2850	3794	33%	3135
Total hectares irrigated/drained	36,000	40,000	11%	37,000
Total revenue collected, 2013 J\$M	420	500	19%	430
% Expenditure from government subsidy	70%	60%	14%	65%
% Energy use from renewables	0%	30%	30 ppt	0%
Value of projects implemented, J\$M	90	180	100%	160

The Plan for Transformation aims to make an impact at a national level. It seeks to build and strengthen farming communities by integrating the needs of said stakeholders with expanded service offerings.

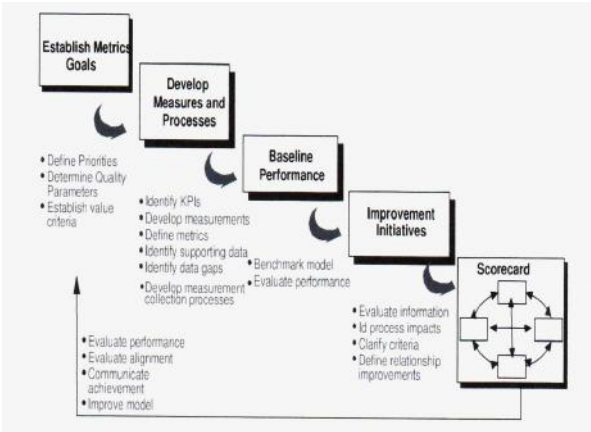
Our approach sought to examine the desired future state of the NIC against the expansion in the vision statement, the realigned mission and the core values which will inform the Commission's moral compass.

This was effected through an examination of the value chain while keeping focused on the outcomes to develop a mechanism to rank and evaluate performance and link the current state of the organisation to the desired future state with clearly defined performance gaps.

We reassessed our strategic pathways and made the commitment to our stakeholders to achieving these goals. This will require a paradigm shift, which commenced with the formulation of the Commission's strategy statements articulated below:

We will improve agricultural productivity, production, prosperity and NIC’s viability by:

1. Building relationships with RADA and other key stakeholders to encourage expansion of agricultural activity in Jamaica.
2. Expanding our irrigation water supply by directly sourcing project funds focusing on climate change and food security opportunities.
3. Providing value added technical support to our farmers to supplement irrigation services while educating them on the real value of irrigation.
4. Containing cost and increasing service delivery to world class levels through innovative technological solutions.
5. Increasing water revenue and collections through increased customer engagement and risk management.
6. Substantially improving strategy execution by strengthening governance, leadership, management, staff capability, culture, accountability systems and the working environment.



A strategy map was developed to link the areas of the Commission’s operations that would have the greatest impact within the organisation as well as nationally. The Commission must excel at its internal processes such as customer acquisition, engagement and support, effective irrigation design systems and the financial and operational management. Ten precursor strategic initiatives were initially identified:

BUSINESS DIRECTIONAL SHIFTS INITIATIVES	
Develop and implement a Resource Mobilization System (Project Fund Sourcing) to drive capital improvement (new and existing).	
Develop and implement a formal process to engage RADA and other key stakeholders in strategic alliances.	
Develop and implement a formal system to engage individual customers, to provide technical support and to educate them on the financial value of irrigation.	
Design and implement an IT strategy to support the NIC strategy.	

CULTURE SHIFT INITIATIVES

Design and implement a Culture Transformation Programme aligned to the strategy.

Revamp and implement an enhanced Talent Management System linked to the strategic planning process and promulgate throughout the organisation (targets, measurement, development, succession).

Design and implement a Strategic Transformation Leadership and Management Development Programme.

Revamp system for developing, implementing and updating standard operating procedures for key functions.

CAPACITY-BUILDING INITIATIVES

Redesign and implement a new organisation structure to support the NIC strategy.

Design and implement a Governance Training Programme and rationalize committees to support the strategy.

The need for an initiative geared at increasing water revenue and collections through increased customer engagement and risk management is critical to support not only infrastructural demands but future financial viability of the Commission.

Development of the Balance Score Card

This requires defining and establishing effective performance indicators through rigorous measurement processes which support the needs of the business and provide further insight into how the processes are performing.

Cascading the Balance Score Card to Divisional & Individual Performance

- To accomplish this, the NIC has updated its Performance Management System which is designed to link behaviours and individual performance objectives of staff with the objectives and strategic direction of the NIC.
- The National Irrigation Commission is committed to supporting each team member to reach his/her potential and to achieve his/her personal goals so as to contribute to the achievement of the organisation's goals.



Senior Executives' Compensation

Position of Senior Executive	Year	Salary	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-cash Benefits (\$)	Total (\$)
Dir of Finance & Corporate Planning	2013/2014	5,411,566.44		975,720		25,000		6,412,287
Chief Executive Officer	2013/2014	2,777,278.59		385,567		25,000		3,187,845
Director of Commercial Operations	2013/2014	3,955,647.96		975,720		63,965		4,995,333
Director of Engineering & Technical Services	2013/2014	5,615,190.42		975,720		124,650		6,715,560
Director of Legal & Corporate Services/ Corporate Secretary	2013/2014	4,796,112.07		975,720		331,226		6,103,058
TOTAL		22,555,795.48		4,288,447		569,841		27,414,083

National Irrigation Commission Limited

District Advisory & Monitoring Committees

Tenure: Appointed to serve for three (3) years December 1, 2012 – November 30, 2015.

St. Catherine Irrigation District	Mid-Clarendon Irrigation District
<p>Howard Hill (Chairman) Juliet Taylor Monica Sang-Binns Ralston Fray Vivian Kildare Derrick Dunn Alfred Guyah Yorkwin Walters Victor Edwards (RADA) Claude Richards (Pan Carib Sugar) (retired in May 2014. Another rep to be named) Michael Morris (Parish Council)</p>	<p>Linford Cooper (Chairman) Richard Sadhi Godfrey Knight Pershad Williams Ludgar Parish Thomas Burton Noel Lowe Leslie Farquharson Barbara Gardner (AIC) Courtney Peters (Parish Council) Percival Shaw (RADA)</p>
Braco Irrigation District	St. Elizabeth Irrigation District
<p>Balfour Hewitt (Chairman) Winston Kellyghan Norman Simpson Griffin Gray Fernando Henlon Mervyn Green (RADA) Collin Henry (RADA)</p>	<p>Miranda Wellington (Chairman) Rev. Milton Russell Donovan Williamson Layton Smith Hubert Khanni Frazer Griffiths Sylburn Blake Kingsley Palmer (RADA) Vivian Blake (NEPA) Kevin Dunkley (Parish Council)</p>

District Advisory & Monitoring Committees' Reports

St. Catherine - Howard Hill

One of the major concerns in the Rio Cobre Irrigation District is related to water quality. The Committee ensured that the water quality status was monitored to verify its compliance with the St. Catherine Health Department's standards for public consumption but the challenges posed with contamination by effluent from sewage treatment plants and manufacturing entities continue.



Additionally the Committee has resolved to explore inter- sectoral alliances to tackle the threat posed by the change in land use within the agricultural belt.

St. Elizabeth - Miranda Wellington



The Beacon Little Park Irrigation District was expanded to include Bluntas and the Irrigation Order was passed in November 2013. The NIC trucked water facility continues to provide the community with an invaluable service to areas with limited rainfall and drainage activities. The Commission continues to lend support

to commercial activities and farming in the Upper Morass area.



Mid-Clarendon - Linford Cooper



The Vernamfield Sugar Transformation Unit Project commenced in August 22, 2013 with the installation of over two hundred lengths of pipes to expand irrigation services to farmers. Service levels was also expanded in Gravel Hill and the farming community welcomed the establishment of the

New Forest Irrigation District office and irrigation area , which is projected to further enhance service levels and farmer productivity in these areas.

Braco Irrigation District - Balfour Hewitt



The terms of reference and operational plan for the demonstration plot have been developed and approved. The Committee has sought the intervention of the Commission in responding to high siltation levels and continues to provide the service levels support

between the NIC and farming community. The proposal to expand the areas under production by leasing the Harmony Cove property did not meet with the success anticipated.

Year In Review ... Advancing The Mission

CORPORATE AND LEGAL SERVICES

Corporate Objectives:

- To develop a cadre of professionals through an appropriate and dynamic human resources programme and to enhance the sustainable delivery of service to our customers.
- To implement and monitor the administrative systems, procedures and policies of the Commission; to ensure the protection of its assets and legal rights and to provide an efficient support system through general office services.

CORPORATE & LEGAL SERVICES DIVISION

The Corporate and Legal Services Division embarked on securing a commitment to excellence in supporting the strategic direction undertaken by the Board of Directors and senior management. A number of projects were undertaken to strengthen the company's management of assets and to allow for effective utilisation of its human resources. An outline of the activities is provided below:

Legal Services

During the period April 2013 to March 2014, the Legal Services Unit had oversight for:

- Implementation of strategies to secure reservations and easements to protect the infrastructure of the organisation.
- Managing litigation and negotiating on claims against the Commission.
- Acquisition of proprietary interest for new irrigation areas and provide adequate insurance values.
- Facilitating effective corporate governance mechanisms.

PROPERTY AND TRANSPORT UNIT

The overarching mandate of the Property and Transport Unit is to ensure effective asset management utilising information communication technology. The focus of this year has been the identification of real property of the Commission whether they are ancillary rights or real proprietary interest.

The Transport Unit has started to sharpen its focus on ensuring that all vehicles meet the required compliance for road worthy status. A review of the portfolio of the vehicles under the staff insurance scheme was also started to ensure that the Commission is ready for the changes being undertaken as a result of the Securities Interest in Personal Property Act.

OCCUPATIONAL HEALTH AND SAFETY UNIT

The safety of our people is of paramount importance to us. January 2012 saw the introduction of the new nationally harmonised Work Health and Safety legislation. The organisation took the opportunity presented by the twelve month implementation period to review the Commission's Occupational Health & Safety (OH & S) management systems to ensure a focus on the highest safety standards while meeting our compliance obligations.

The Commission is committed to providing a safety conscious workforce, safe systems of work and safe equipment as required by legislation and best practice. To support this commitment, the Occupational Health & Safety Unit established the framework of its safety programme to:

- Promote continuous improvement of the management and standard of Occupational Health and Safety systems in the workplace

for all employees, clients and visitors of the National Irrigation Commission Limited.

- Increase employee awareness and reinforce their understanding of their personal responsibility and accountability in achieving the standards of the OH&S programme and a culture of safe working practices.
- Reduce or eliminate workplace incidents and injuries to support the achievement of reduced downtime and loss of productivity.
- Reduction in loss and damage to property, equipment and the environment, resulting from unsafe work practices and conditions.

To date the Unit has:

- Conducted safety risk analysis
- Conducted safety inspections
- Implemented an incident / accident reporting system
- Implemented improvement in fire protection and prevention at the Commission's Head Office

It is recognised that there are some important areas yet to be addressed. The Occupational Health and Safety Strategic Plan highlights these areas to ensure that the focus is not lost, as we face the various challenges going forward and make safety everybody's business.

ADMINISTRATION AND GENERAL SERVICES

Creation of a beautification plan and the scheduling of varying levels of cleaning to improve the environment of NIC's Head Office is ongoing.

Efforts to implement an efficient records management system for current and past files resulted in the establishment of an archive at the St. Dorothy Office in St. Catherine.

HUMAN RESOURCES MANAGEMENT AND INDUSTRIAL RELATIONS

Scholarship Awards



Tafari Burry, Acting Chief Executive Officer, NIC (centre), with scholarship awardees. L-R: Britney Burrell, Aliyah Gordon, Janel Thomas, Josan Munroe, Raymond Austin Jr. and Claudine Bailey.

The 2013 NIC scholarship awardees are Britney Burrell, daughter of Percival Burrell, Mechanical Technician, St. Catherine District; Aliyah Gordon, daughter of Huygens Gordon, Electrical Technician (Acting), St. Dorothy District Office; Josan Munroe, daughter of Andrea Munroe, Senior Systems Accounting Officer, Rio Cobre District Office; Janel Thomas, daughter of Sophia Richards, part-time Cleaner, St. Dorothy District Office; Claudine Bailey, daughter of Christine Moore, Executive Secretary, Operations Centre; Raymond Austin Jr., son of Raymond Austin, Electrical Superintendent (Acting), St. Dorothy Office and Claudia Jones, daughter of Cheryl Jones-Smith, Accounts Payable Officer at the Head Office.

Closure of the NIC Office in Brae's River

The National Irrigation Commission Limited officially closed its office in Brae's River, St. James in June 2013. The closure was due to unfeasibility of the operations.

Training and Development Initiatives

The organisation's continued commitment to staff development is evident by the number of training and development programmes that were implemented during the period. Every category of staff was provided with training opportunities through in-house, external institutions, government-sponsored and or special programmes. Of note was the Government of



Irrigation best practice at NIC's demonstration plot.

Jamaica's sponsored training in Israel for Everton Robinson, Water Utilisation Officer in the On-Farm Water Management Unit during October to November 2013.

Irrigation & Distribution Systems Operators Training Programme

In 2011, a lead group of NIC's technical staff collaborated with the National Council on Technical and Vocational Education and Training (NCTVET) and the Caribbean Maritime Institute School of Advanced Skills, resulting in a training programme that comprised 14 core courses, based on NCTVET's minimum standards of competence for irrigation industry workers. The Caribbean Maritime Institute provided the training.

Sixteen Systems Operators from three Districts participated in the Systems Operators Training organised by the Training Department in July 2013. The need to provide specialized training to upgrade and enhance the technical skill competence of the Systems Operators was identified in 2009.

The Commission partnered with HEART Trust/ NCTVET to develop an accredited programme which would subsequently be offered as a general NCTVET vocational training programme, and which would strategically create a pool of qualified persons for future recruitment. The successful participants who completed the 600 contact hours at the required standard received dual certification in NCTVET Level 2 Certification in Irrigation and Distribution Systems Operations and Caribbean Maritime Institute Advanced Skill Certificate of Competence Level 2.

The following table summarizes the training and development initiatives for the period:

Programme Type	Staff Category	Course Name	Total number of participants
ON-SITE	General	Grievance Procedure/ Conflict Resolution	56
	Administrative Staff	Minutes Management	18
	Emergency Wardens	Safety Wardens Training	26
	Administrative Staff	Report Writing	12
	Directors, Managers, supervisors	Budget & Forecasting	19
	Systems Operators	Workplace Communications	7
	Water Users' Assoc Executive members	Business Negotiations	30
	General	Training of Trainers	20
	General	NEPA Sensitization	15
	Directors, Managers	Government Strategic Planning & Budgeting	23
Accredited Programme- onsite	Systems Operators	Irrigation & Distribution Systems	17
External Institutions	Board members & CEO	Alternative Dispute Resolution	3
	Procurement Staff	GOJ Procurement Planning	2
	PR Department	Building Media Relations	1
	Managers	IR Theory & Practice	1
	Directors/ managers	Introduction to Webmap	6
	Corporate & Legal Services Dept.	Public Service Staff Orders	4
	HR Department	Pension Fund Management	1
	Internal Audit Department	Enhanced Audit Process	1
	HR Department	Alternative Disputes Resolution	2
	Managers	Taking Charge of the Negotiating Process	2
Government Sponsored Local	Ancillary Works	Housekeeping	4
	CEO	Executive Roundtable Series	1
International Scholarships	Procurement Manager	Public Committee Procurement Conference	1
	On-Farm Water Management Officer	International Water Management, Israel	1
Conferences-Local	Director	Jamaican Bar Association	1
	Director & Managers	Alternative Energy Expo & Conference	5
	Manager	BSC Safety Conference	1

	Internal Audit & Safety Depts.	Occupational Health & Safety Conference	2
	Manager	JA Customer Service Conference	1
In-house Programmes	Managers & supervisors	Supervisory Management	17
	Directors, Managers, Supervisors, Admin Staff	PMAS	23
	Directors, managers, supervisors	OSH Sensitization	15
Special Projects	Engineering & Technical	Tailored Wind Energy Capacity Development	7
	Board & Management	Pre-Strategic Management workshop	24
TOTAL PERSONS TRAINED	369		

Staff Achievement

The NIC commends the following staff members who successfully completed further studies:

- **Raymond Austin**, Bachelor of Science in Electrical Engineering, University of Technology
- **Tricia Bambury**, Associate of Science in Paralegal Studies, University of the West Indies
- **Richard Cox**, Bachelor of Science in Construction Project Management, University of Technology
- **Andrea Gyles**, Master of Business Administration, University of the West Indies
- **Kenroy Hare**, Bachelor of Science of Science in Management Studies, University of the West Indies
- **Yvette Hylton**, Bachelor of Science in Business Administration, University of Technology
- **Marcia Reid**, Associate of Science in Computer Application and Business Studies, Portmore Community College
- **Grace Thompson**, Bachelor of Science in Management Studies, University of the West Indies
- **Courtney Wilmot**, Bachelor of Science in Environmental Studies, Knox Community College

PUBLIC RELATIONS UNIT

The Public Relations Unit sought to improve its efforts to increase the visibility of the Commission among the its target audience and to support customer retention and expansion programmes for the Commercial Operations and the Engineering and Technical Services Divisions. Numerous events were executed island-wide to highlight the work of the organisation and educate the general public about the importance of NIC's work to national development.

Handover of Yallahs Irrigation System from NIDP

The handing over ceremony of the Yallahs Irrigation Systems from the National Irrigation Development Programme (NIDP) to the Engineering and Technical Services Department took place in June 2013.



L to R: Howard Hill, Chairman, Eastern Region Advisory & Monitoring Committee; Dr. Earl Green, Project Director, National Irrigation Development Unit; Renford Smith, Engineer; Louis Lawrence, President, Yallahs Irrigation Specially Authorised Society and Douglas Walker, former CEO, NIC.

Commissioning of Yallahs Irrigation System

The Yallahs Irrigation System was commissioned into operation by Prime Minister Portia Simpson Miller in January 2014. The construction of the irrigation system was made possible through partnership between the Government of Jamaica and the Inter-American Development Bank. It is one of five projects funded under the National Irrigation Development Programme, which is aimed at expanding Jamaica's irrigation capacity.



Hon. Roger Clarke, Minister of Agriculture and Fisheries speaking at the Commissioning of the Yallahs Irrigation System in January 2014. Seated left to right: Donovan Stanberry, Permanent Secretary, Ministry of Agriculture, Dr. Conrad Douglas, Chairman, NIC and Prime Minister Portia Simpson Miller.



Prime Minister Portia Simpson Miller joins Hon. Roger Clarke and Hon. James Robertson in the ribbon cutting ceremony at the Commissioning of the Yallahs Irrigation System and launch of the Yallahs Agro Park. Also pictured: Senator Norman Grant, President of the Jamaica Agricultural Society; Dr. Conrad Douglas, Chairman, NIC; Tafari Burry, Acting CEO, NIC and Dennis Hickey, Chairman, Agro-Investment Corporation.

Denbigh Agricultural & Industrial Show

The National Irrigation Commission had a strong presence at the annual Denbigh Agricultural Show which was held in Clarendon August 4-6 2013, under the theme, "Grow What We Eat, Eat What We Grow –Food Security, Our Gateway to Prosperity".

Patrons were introduced by NIC representatives to the use of rainwater harvesting and various types of irrigation systems. A replica which depicted NIC's operations showcased improved technologies to cut energy costs. The Commission partnered with Ever Grow Limited and Sun Source Limited to present an interactive experience for visitors to our location at Denbigh.



Members of NIC's team at Denbigh 2013.

Exhibitions

Following is a summary of promotional activities in which the NIC participated:

- National World Wetlands Day Exposition - February 2014
- Hague Agricultural and Livestock Show - Ash Wednesday 2014
- World Water Day & World Meteorological Day Ceremony and Exhibition - March 2014
- National World Food Day Ceremony and Exhibition - October 2013

Acclamations

The Commission acknowledged the contribution of the Rev. Dr. Garnet Brown, O.J, C.D for his sterling contribution to the Commission and to the agricultural sector. Dr. Brown served the Commission for twenty-one years.



Feel method of soil moisture testing.

ENGINEERING & TECHNICAL SERVICES

Corporate Objective:

- To implement methods, which will improve efficiencies in procurement, conveyance and delivery of irrigation water to enhance the quality and reliability of service.

During the financial year, the Engineering and Technical Services Department continued work in critical business areas including:

- The production and distribution of irrigation water to our customers.
- Developing engineering designs and implementing irrigation projects under the Government of Jamaica (GOJ) Agro Parks Programme.
- Implementation of the energy management programme.
- Repairs and maintenance of irrigation network as well as the fabrication and installation of measuring devices and regulatory structures.
- Drainage cleaning and system maintenance in St. Elizabeth.
- Security monitoring to protect both staff and equipment.

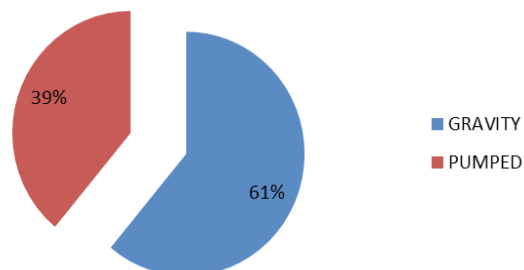
Water Production and Distribution

The Department produced and distributed irrigation water to customers in the three regions comprising nine (9) irrigation districts. The levels of water production, invoicing and energy use are shown in Table 1.

Table 1: Water Production, Invoicing, Energy Cost and Use for 2013/14 Financial Year

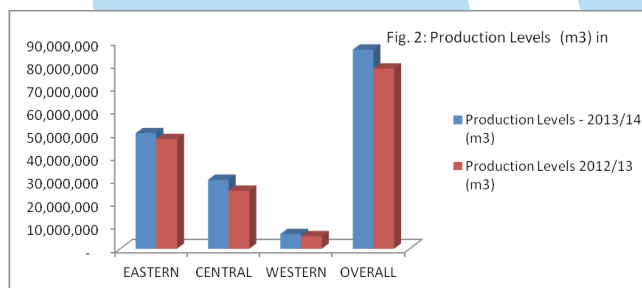
LOCATION	HOURS PUMPED (hr)	PRODUCED (M3)	INVOICED (M3)	% AGE INVOICED	ENERGY USED (kWh)	ENERGY COST (\$)	\$/M3	kWh/M3
Colbeck	940	173,171	152,799	88%	70,893	3,958,995.88	22.86	0.409
St. Dorothy	25,516	9,215,767	5,418,400	59%	1,405,729	49,430,397.66	5.36	0.153
Blocks A - E, Bernard Lodge	32,453	3,707,179	3,076,331	83%	1,023,278	39,772,129.51	10.73	0.276
Phillipsfield/Heartease/Norris	1,647	346,598	265,209	77%	131,725	5,267,021.83	15.20	0.380
TOTAL Pumped (Esn Region)	60,556	13,442,707	8,912,740	66%	2,631,625	98,428,544.88	7.32	0.196
Rio Cobre Open Canal		36,728,062	27,306,370	74%				
TOTAL (EASTERN REGION)	60,556	50,170,769	36,219,110	72%	2,631,625	98,428,544.88	1.96	0.052
New Forest/Duff House	2,127	548,904	392,896	72%	414,574	17,441,770.97	31.78	0.755
Mid Clar. Pumped	51,794	13,897,247	9,007,576	31%	4,100,270	164,404,037.87	11.83	0.295
Mid Clarendon (River)		15,455,335						
TOTAL (CENTRAL REGION)	53,921	29,901,482	9,400,472	31%	4,514,844	181,845,808.84	6.08	0.151
Hounslow	5,643	3,481,633	3,067,071	88%	1,208,364	48,435,726.64	13.91	0.347
Beacon/Little Park	9,247	2,416,594	2,190,776	91%	1,594,604	61,851,310.45	25.59	0.660
Braco	1,841	437,810	353,821	81%	102,962	4,635,968.71	10.59	0.235
Total Pumped (Western)	16,731	6,336,033	5,611,668	89%	2,905,931	114,923,005.80	18.14	0.459
Seven Rivers		16,824	16,824					
TOTAL (WESTERN REGION)	16,731	6,352,857	5,628,492	89%	2,905,931	114,923,005.80	18.09	0.457
OVERALL (PUMPED)	131,207	34,224,886	10,052,400	59%	10,052,400	395,197,359.52	4.57	0.116
GRAND TOTAL	131,207	86,425,107	51,248,073	59%	10,052,400	395,197,359.52	4.57	0.116

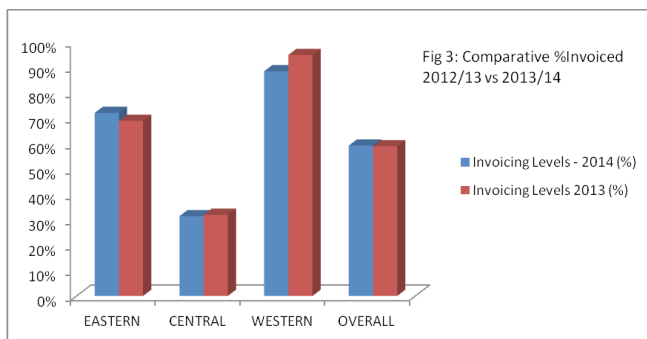
Figure 1: % Age of Flow from Surface and Groundwater Sources



NIC produced 86.4 million cubic meters (mcm) of water, invoicing 51.25 mcm and resulting in a 59% invoicing level. A total of 61% of the flows were produced from surface sources with the remaining 39% being supplied from wells (figure 1). Production levels continued to be highest in the eastern region which produced 58% of the total flows, while the central and western regions produced 35% and 7% respectively.

Overall, water production increased by 9.2% during the year under review compared with prior year. In contrast, invoicing levels remained constant at 59% in both 2012/2013 and 2013/2014 (see figures 2 and 3). Of note, the NIC commissioned the New Forest Irrigation System and Yallahs Irrigation Systems into service during the year. Built under the National Irrigation Development Programme (NIDP), these systems have so far increased the customer base significantly.

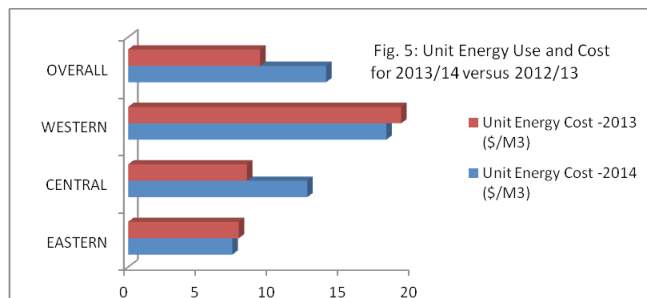
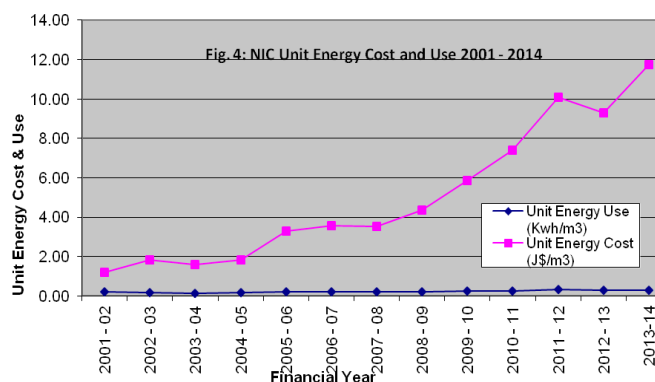




During the year, the department focused on ensuring flow delivery to consumers as well as improving water measurement accuracy at each source. Overall bulk flow meters were installed at an additional 7 pump stations, ensuring 92% measurement of the production reported in 2013/14 versus 81% in 2012/13.

Energy Management and Use

Energy cost continues to be a significant factor in NIC operations. During the year, a total of 10.05 million kWh of energy was consumed in pumping 34.22 mcm of water. Commensurately, the overall energy bill was \$395.2 million compared with \$303.2 million during the previous year or a 30.3% increase year on year. Unit energy costs also continued to increase as shown in both Figures 4 and 5. During the year under review the unit energy cost (\$/m³) continued to increase in all regions.



The main reasons include:

- (i) Continued increase in Jamaica Public Service Company Limited (JPS Co) energy charges which moved from an average of \$33.98/kWh in 2012/13 to \$39.31/kWh in 2013/14 or a 15.7% increase.
- (ii) Additional pumping capacity being brought on line during the year notably in the central region where the New Forest Irrigation System was commissioned into service. Unit energy costs continue to be highest in the western region, influenced mainly by the operation of the Beacon/ Little Park Irrigation scheme. Indeed the highest unit energy cost continues to be from recently built irrigation schemes at Colbeck, New Forest, Yallahs and Beacon Little Park.

Energy Management Initiatives

The NIC in order to improve energy utilization, is pursuing several energy management initiatives throughout the year including:

- (i) Window film installation at selected offices
- (ii) Power factor correction at pump stations using capacitors
- (iii) Variable Frequency Drive (VFD) Installation at pump stations
- (iv) Wind Resource Assessment Study

Window Film Installation at Selected Offices

Under the Government of Jamaica Energy Efficiency and Conservation Programme (EECP), the NIC in October 2013, benefited from the installation of solar control window film installation at four of its offices. The offices included Head Office, Rio Cobre District, Operations Centre and St. Dorothy. Evaluations to date indicated that the office energy saving ranged from 10.1% at St. Dorothy to 22% at the Operation Centre (table 3).

Table 3: Savings to date from Window Film Installation

Office	Energy use for 5 month period before installation (kWh)	Kwh for 5 month period after installation (kWh)	Savings (kWh)	%Savings
St. Dorothy	17,952	16,141	1,811	10.1%
OPC	32,434	25,152	7,282	22.5%
Rio Cobre	15,486	12,873	2,613	16.9%
Total (3 offices)	65,872	54,166	11,706	17.8%

**Note the Head Office data has not been included as the JPSCO has been supplying estimated bills for that location. The NIC is seeking to have this problem corrected.

Power Factor Correction at Pump Stations Using Capacitor

As a part of its billing practice, the JPS Co imposes the ratchet system on commercial and industrial customers for electricity demand at 25KVA and greater. The NIC has identified mitigation strategies to reduce the demand charge at our pumping stations by improving power factor to a target value of 0.95 at 10 selected stations. A contract of \$3.2m was awarded to PowerGen Ltd to install ten (10) capacitor bank units at select pumping facilities. To date, the capacitors have been shipped to Jamaica and installation has commenced. The project is expected to be completed within the next financial year, saving \$1.98 million annually.

Variable Frequency Drive (VFD) Installation

The NIC received support from the Petroleum Corporation of Jamaica (PCJ) to install variable frequency drives (VFD's) at six (6) sites. The project will be implemented over a 4-month period and when completed should reduce the energy cost by 20% at the selected locations. In furtherance of the project the following were achieved:

- (i) A Memorandum of Understanding between the NIC and PCJ to outline the relationship for this energy project.
- (ii) Award of a contract for \$18 million to the EPSOL Ltd for the supply and installation of VFD's at 6 NIC pumping stations.

Table 4: Proposed VFD sites and projected savings after installation

Item	Facility	Annual Use (KWH)	Projected Annual Use (KWH)	Projected Savings (KWH)
1	Cow Park A	107,288	85,830	21,458
2	Cow Park B	70,693	56,554	14,139
3	Little Park F3	1,179,110	943,288	235,822
4	Clarendon Park #1	172,338	137,870	34,468
5	Ebony Park Re-lift	754,695	679,225	75,470
6	Braco Re-lift	108,242	86,570	21,672

Wind Resource Assessment

As a strategic response to ever-increasing energy cost the National Irrigation Commission Limited has decided to embark on initiatives to introduce renewable energy solutions. The target is to achieve 30% energy use from renewable sources including wind and solar energy by 2017. Subsequently, grant funding of US\$60,000 was sought and received from the Organization of the American States (OAS) through the Energy and Climate Partnership of the Americas (ECPA).

Facilitated by the Ministry of Science, Technology, Energy and Mining (MSTEM), the funding is to support the execution of a 1-year wind resource assessment project at a site in the vicinity of the Wigton Windfarm, Spur Tree, Manchester. The project commenced in June 2013 and the overall objective is to determine the suitability of the site for the development of a 5MW wind park. The outputs of the study are:

- A wind resource analysis establishing the wind potential for the generation of electricity.
- Subsequent to the wind resource analysis determine the feasibility of installing a suitably-sized wind turbine and connecting this to the national grid.

The University of the West Indies (UWI), Department of Physics has been engaged to conduct wind resource assessment while Digicel, provided access to a cellular tower in Spur Tree to allow for the installation of the wind measuring equipment for data collection (see Plate 1).

To date eight-monthly reports of wind data collection have been received from UWI and subsequently a final report from that institution will determine the wind regime at the Spur tree location. The OAS will also undertake an independent review of the UWI final report

As part of the capacity building exercise, a five day workshop was conducted by ProfEC, German in collaboration with OAS and MSTEM, titled “Tailored Wind Energy Irrigation and Biofuels Capacity Development Training”. Participants were drawn from the National Irrigation Commission Limited, Ministry of Science, Technology, Energy and Mining, Petroleum Corporation of Jamaica, University of the West Indies, University of Technology and Caribbean Maritime Institute.

Plate 1: Installation of anemometers and wind vanes on cellular tower in Spur Tree, Manchester



Civil Works-Irrigation System Maintenance and Meter Installations

Table 5: Canal and Pipeline Repairs and Replacements

DISTRICT	LOCATION	ACTIVITY DESCRIPTION	Dist. (m)	FUNDING	IMPACT
Rio Cobre	Comberland Pen Canal	Replace 110 m of collapsed rubble stone canal with PE Pipe	110	GOJ	Reduce conveyance losses by 20% along with risk of damage to adjacent property
Rio Cobre	St. Dorothy Main Canal	Repair 40 meters of rubble stone canal	40	GOJ	Reduce conveyance losses
Mid Clarendon	Line 36	Replace leaky rubble stone canal with re-inforced concrete	300	GOJ	Reduce conveyance losses by 15% as well as reduce damage risk to adjacent property
Mid Clarendon	Line 41	Replace leaky rubble stone canal with re-inforced concrete	65	GOJ	Reduce conveyance losses by 15% as well as reduce damage risk to adjacent property
Mid Clarendon	Line 32	Replace leaky rubble stone canal with re-inforced concrete	220	GOJ	Reduce conveyance losses by 15% as well as reduce damage risk to adjacent property
Mid Clarendon	Cross Country	Repair and replace damaged bulk-head and 800 mm dia polyethylene pipe	58	GOJ	Improve canal carrying capacity
		Sub-total (Canal)	793		
		PIPE-LINE IMPROVEMENTS			
Mid Clarendon	Vernamfield	Replacement of Asbestos Concrete pipe	5,290	European Union	Reduce system losses and property damage risk, improve carrying capacity
		GRAND TOTAL	6,083		

The Civil Works Team continued efforts to improve the system maintenance as well as to complete new customer connections, disconnections and reconnections. Despite the financial challenges, a total of 793 meters of leaking canals were replaced with reinforced concrete lining. This reduced both seepage losses and the risk of damage to adjacent properties. Unfortunately, this represents only 4.17% of the canal network identified for improvement in Clarendon and St. Catherine. In addition, a major sugar rehabilitation project in Vernamfield resulted in the replacement of 5293 meters of asbestos concrete pipes.

A total of 425 new connections were completed mainly in the New Forest and Yallahs areas, resulting from the commissioning of these schemes under the National Irrigation Development Programme. There were also 47 new connections in the St. Dorothy area, as shown in Table 6.

The NIC has not been able to significantly improve the ageing irrigation infrastructure during the year due to the limited capital funding which was available. However, the civil works maintenance team is hoping for improvements in capital project spend in the upcoming financial year in order to ensure both reduced maintenance costs and

sustained customer service.

Table 6: New Installations, Reconnections & Disconnections taken by the Civil Works Unit

LOCATION	PERIOD	INSTALLATION	DISCONNECTION	TERMINATED	RE-CONNECTION
Rio Cobre	April to Mar	31	2	0	5
St. Dorothy	April to Mar	58	14	0	6
Yallahs	April to Mar	27	1	0	2
TOTALS	April to Mar	116	17	0	13
New Forest/Dur	April to Mar	262			0
MCIA	April to Mar	47	59	0	34
Grand Totals	April to Mar	425	76	0	47



Rehabilitation work at Line 36, Mid-Clarendon.

Irrigation System Design & Installation for Agro-Parks Initiative

Table 7: Irrigation Design & Installation Work Completed on Agro Park

	Plantain Garden	Yallahs	Hill Run	Amity Hall	Spring Plain/Ebony	New Forest	Meylersfield
PARISH	St. Thomas	St. Thomas	St. Catherine	St. Catherine	Clarendon	Manchester	Westmoreland
PROJ. AREA (ha)	117	12	267	800	880	23	10
MAIN CROPS	Veg., spices	Vegetables, onions	Fish	sorghum, vegetables	Vegetables, Onions	pineapples, sweet potato	Fish
Agropark Project Cost (J\$)	93,562,000	46,000,000	192,000,000.00	Not Available	340,000,000.00		16,355,000.00
Status - Design	Done	Done. NIDP Scheme	done	in abeyance - Logistics Hub	done	Done. NIDP Scheme	owners to decide scope
Status - Construction	38 ha of irrigation complete. Pump house to be built	Completed	Awaiting approvals & funding	Further work in abeyance. NIC to take over existing scheme	Pipe and Pump Contracts being procured. NIC to manage	Completed	50% complete
Status -Operate	operate when required	Completed	Existing area being operated	Small farmer section being operated by AIC	Existing area being operated	Completed	operated by owner
Issues/Risks	Easement, Agric. Plan, funds for pump house	Re-commission Norris VFD, Install Separator	Proj. Plan development, funds	Land use uncertainty	Pump contract to be awarded, Contract Management	Additional pump needed to meet demand	weather, NIC staff resources

During the year, the NIC's Planning, Design and Installation Teams provided services in the development of the irrigation component of the agro-parks being implemented by the Ministry of Agriculture and Fisheries. The main activities for the seven (7) agro-parks being operated included:

- Completion of field layout plans and GIS mapping at Spring Plain/Ebony Park and Plantain Garden River (PGR)
- Development of irrigation system designs for Hill Run, Spring Plain and PGR
- Installation of irrigation systems at PGR
- Irrigation and drainage rehabilitation of Meylersfield System
- Farmer training in on-farm irrigation systems installation and operation at Yallahs and New Forest.

The Yallahs and New Forest Agro Parks are being established in irrigation schemes previously developed by the NIC under the National Irrigation Development Programme, and funded by the Inter-American Development Bank. Despite the challenges which were experienced, the work done to date has greatly facilitated the agricultural development in these agro-parks while contributing

significantly to national growth. The NIC has also benefited by the growth of our customer base.

On the down side, the irrigation systems in agro-parks require fossil fuel to operate the pumps which will add to the already burdensome fuel bill.

For the upcoming financial year, the NIC expects to continue the partnership with the Ministry of Agriculture and Fisheries and its agencies to enhance the development and operation of this important national initiative.



Consumer hydrant under construction at PGR Agro Park, St. Thomas.

Drainage Services

The NIC is responsible for maintaining a schedule of waterways in the Upper and Lower Morass regions of St. Elizabeth. In addition, the NIC responds to requests from the Ministry of Finance and Planning for assistance with drain maintenance in Westmoreland. Using both mechanical and manual methods, the Operations Team embarked on drain cleaning programmes on a monthly basis, as shown in Table 8. A total of 127 km of drain was cleaned during the year.

However, the achievements were limited by the following:

- Frequent down time by both the excavator and dragline which needs replacement.
- Unavailability of sufficient funds particularly for manual cleaning.

Table 8: Drain Cleaning Programme

Month	Location	Length cleaned (km)
April	Brumdec area, Black River main, Elim, Siloah area, Bogue, Goshen	4.66
May	Black River main, Frenchman, NewCastle, Brumdec	6.12
June	Black River main, Brumdec, Bogue, Braes River, Elim, Quashie River	9.74
July	YS River, Brumdec, Black River main, Barton Isle area, Elim	18.32
August	Black River main, Barton spring, Little River, Pass Water, Barton Isle area, Brumdec, Grass River, Little River	16.06
September	Little River, Tash River, Grossmond River, Grass River, gayle River	5.98
October	Elim, Brumdec, Mile area, Black River main	15.7
November	Brumdec area, Black River main, Elim, Siloah area, Bogue, Goshen	1.9
December	Black River main, Braes River area, Brumdec area	17.62
January	Grass River, Black River main, Elim, Braes River, Bogue, George Valley, Barton Isle, Bogue	27.42
February	Black River, Drains and tributaries in Westmoreland, Myersfield, Llandilo	4
March	Pass Wata in Round Hill	0.08
TOTAL LENGTH CLEANED (KM)		127.60

Engineering Workshop Services

The Workshop also remained very active during the year, fabricating measuring devices and components for both new and existing irrigation systems as indicated Table 9. The components such as nipples, risers and flange adaptors were utilized mainly in newly constructed irrigation projects at the Plantain Garden River Agro-Park and the Vernamfield Irrigation Project.

Table 9: Devices and Components Fabricated by Workshop

Device/Component	Size (inch)	Qty	Remarks
Sluice Gates	6	6	Used mainly in new installations
	12	23	
	24	1	
	48	1	
Parshall Flumes	6	5	
	9	1	
	12	1	
Nipples & Risers	2	569	Used in new schemes including Agro-Park
	3	204	
	4	114	
Flange Adaptor	2	24	Used in new and existing schemes including Agro-Parks
	3	62	
	4	44	

Security Activities

The financial year was a very active one for the Security Unit which continued to tackle the security threats facing the Commission's staff, property and equipment. The main areas of Unit's activities in the period under review are outlined in Table 10.

Table 10: Summary of Security Activities Undertaken

Nature of Activity	Location	No. of Incidents	No of Demand Form Served	Notice To Quit Served	Summons Serviced	Court Visits	Funds Recovered J\$
Illegal Extraction of Water	Braco	1	1		1	1	1,386.00
	MCIA	4	1				44,336.00
	St. Catherine	5	5				274,277.75
	Hounslow/Seven Rivers	3	1				16,695.00
Funds Recovered From Cases B/F 2012/2013	Braco	1					41,397.05
	MCIA	1					101,400.00
	Rciw	1					15,176.00
Tampering/ Damage/ Vandalism To Irrigation Works (Excl. Pumps Stations)	New Forest	1				1	
	St. Catherine	2					
Squatting/ Encroachment On Reservation	Hounslow	1		2			
	St. Catherine	3		2			
Total		23	8	4	1	2	\$494,667.80

Pilfering/Tampering with Irrigation Systems

There were sixteen incidents pertaining to tampering with NIC's irrigation systems island-wide, and the illegal extraction of irrigation water from systems. This represented an increase of five cases over the previous year. Of the sixteen cases, twelve were addressed through the internal adjudication process under NIC's security procedures, two were referred to the courts, and two incidents of vandalism were pending as no known culprit was identified.

A total of J\$336,694.75 was recovered from these incidents of water theft or illegal extraction of water. In addition, J\$ 157,973.05 was recovered from cases during the 2012/2013 financial year.



Illegally placed pipe syphoning water from Caymanas Branch Canal, St. Catherine.

Vandalism of Pump Stations

Over the period in review, there were four incidents of vandalism to the NIC's pump stations. As indicated in the table below, the Bengal Station was vandalized twice in November 2013 and the perimeter fence rails were removed on both occasions. All four incidents were reported and are under police investigation. Security measures have been strengthened at various levels at these and other pump stations in an effort to deter and mitigate against such disruptive acts of vandalism.

PUMP STATIONS VANDALIZED OVER APRIL 2013 TO MARCH 2014

LOCATION	PUMP STATION	Date Vandalized	Extent of Damage/Vandalism
RCIW	Port Henderson Relift	July-13	Auto-transformer, lamps, and oil stolen, motor cable damaged
RCIW	Port Henderson Relift	Dec.-13	Perimeter fencing damaged
BRACO	Bengal Pump Station	Nov.-13	Fence rails stolen



Section of fence at the Port Henderson Re-lift Pump Station, Bernard Lodge, St. Catherine which was vandalized.

Squatting

Squatting on the Commission's reservations continued to be a challenge. The focus during this financial year was placed on deterring new squatters by frequent patrolling and monitoring. This was carried out by security personnel and district field staff.

During the period, four Notices to Quit were served on persons encroaching on NIC's properties/reservations. A number of persons were also warned and temporary structures were subsequently removed by these offenders.

The Unit remains steadfast in its mandate to secure staff and property of the NIC. A review and reassessment of existing security arrangements is ongoing and new, innovative technologies are being explored with a view to advance the effectiveness of security solutions used within the NIC.

INFORMATION SYSTEMS

Corporate Objective:

- To use Information and Communication Technology (ICT) to enable improvements in NIC's business processes and provide support services to achieve corporate goals.

Information Technology Values

- Strengthening
- Leading
- Enabling
- Securing
- Supporting

Information Technology Strategy

- The planning and organization of Information Technology (IT) resources and activities to support NIC's business strategies and priorities.
- The acquisition and implementation of technology and processes to achieve business objectives.
- Delivery and support of IT services.

Planning and Organization of I.T. Resources

Technological Direction

The technological goals for the period were:

- Continued improvement in wide area network access.
- Upgrade and improvements on mobile computing access.
- Security maintenance and enhancement.
- NIC processes improvement through IT.

Management of I.T. Resources

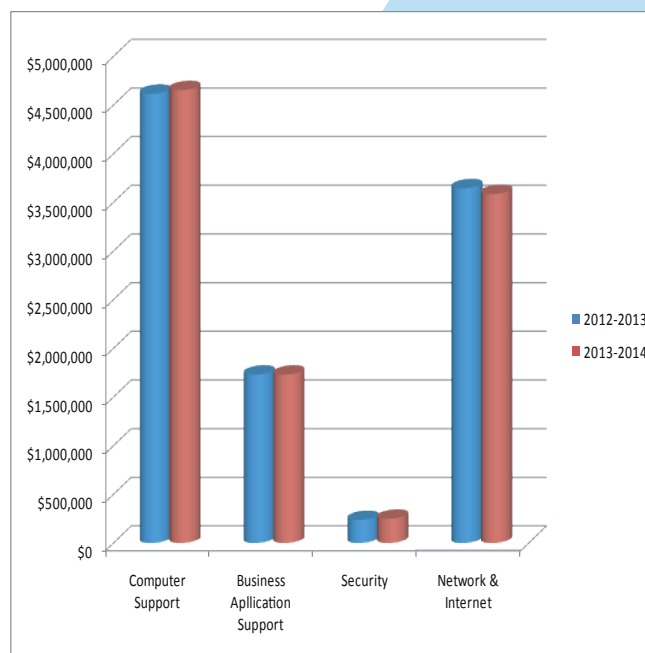
Activities for period 2013/2014 were strategized on an annual planning budget of J\$ 10,220,800.00 as outlined in Table 1.

Table 1: 2013/14 Budget Estimate

EXPENSES	Estimate (J\$)
Computer Support	4,654,400
Business Application Support	1,730,800
Security	250,000
Network & Internet	3,585,600
TOTAL	10,220,800

Actual I.T. Expenditures for the Financial Year 2013/2014 were J\$7,995,045.

Table 2: 2013/14 I.T Expenditures



EXPENSES	Expenses(J\$) 2013/2014	Comment
Computer Support	2,977,098	Some hardware replacement
Business Application Support	2,013,767	Affected by vendor increase and inflation
Security	291,718	
Network & Internet	2,712,462	Improvement in Wide Area Network
TOTAL	7,995,045	

Update of I.T. Policies and Procedures

Table 3: I.T. Policies updated

Policy	2012/ 2013	2013/ 2014	Comment
Information Systems Policy and Procedures	Updated	Updated	Corporate E-mail Policy and Practice; Corporate Internet User Policy; Password Policy; Confidentiality Policy and Physical Security Policy.
Disaster Recovery Policy and Procedures	Updated	Updated	

Maintenance, Acquisition and Implementation of Technology and Processes

Table 4: Computer Hardware Operating Value

Computer Hardware Item	2012/2013 \$(000)	2013/2014 \$(000)	Comment
Value (J\$)	33,686.6	30,253	
Number	276	304	Major Acquisition: Printers Desktop Computers Mobile Computers

Table 5: Major Business Application Support Renewals and Implementation

Business Application	Support Renewal & Maintenance	Comments
Microsoft Dynamics GP	Completed for period	Financial Management Human Resources Inventory Fixed Asset
NIC CRMS	Completed for period	Customer Information & Billing
McAfee Total Protection	Completed for period	Anti Virus / Network Security

Delivery and Support of I.T. Resource Services

Performance and Capacity Management

The I.T. Department's priority for the period under review was to minimize downtime of major information technology resources to support NIC business requirements. There were no major disruptions in service delivery that impacted the NIC's ability to provide for its customers.

Some critical areas that required high resource availability were financial management; customer information and billing and wide area network. Performance levels for access to information/data at the District Offices were maintained with constant management and monitoring of the wide area network.

Hardware capacity was improved on a priority basis according to financial availability.

System Security

The maintenance of information integrity and protection of I.T. assets was a major priority. To minimize the impact of vulnerabilities on the business process, several activities were involved, including:

- The application of security standards regarding information/network access and authorization.
- Maintenance of anti-virus contract and updates including e-mail and web security.
- Adherence to and enforcement of NIC's policy as it relates to protection of physical assets for computer and network infrastructure.

For the period:

- No incidents of information access breach were reported.
- No network down time due to malicious software.

COMMERCIAL DEPARTMENT

Corporate Objective:

- To expand customer base, maximize the collection of revenue and to ensure continued customer satisfaction.

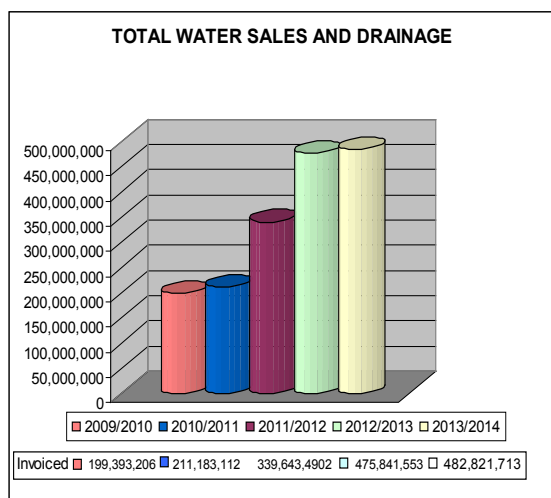
Water Sales and Drainage

Water sales and drainage charges for the year 2013/2014 increased by approximately 1% or from \$475,841,553 to \$482,821,713. The increase in sales can be attributed to:

- Demand for irrigation services in new areas targeted under the Ministry of Agriculture and Fisheries' Agro-Parks Programme.
- The build-up and expansion of irrigation infrastructure especially in Vernamfield, Ebony Park and sections of Spring Plains in Clarendon. This build out and expansion has resulted in the engagement of non-utilized and under-utilized lands and the corresponding demand for irrigation services.

The percentage rate of collection remained in the high nineties.

Mindful of the economic challenges currently facing our customers, the NIC continued to accommodate its credit challenged customers via a number of collection strategies geared towards revenue optimization. The Commission's levels of invoicing for the financial years 2009/2010 to 2013/2014 are outlined below:



Customer Service

The NIC continues to engage its customers at the highest level in terms of quality of service delivery. During the year, a Simple Messaging Service Policy was developed and plans are now in high gear for an early roll-out in the new financial year.

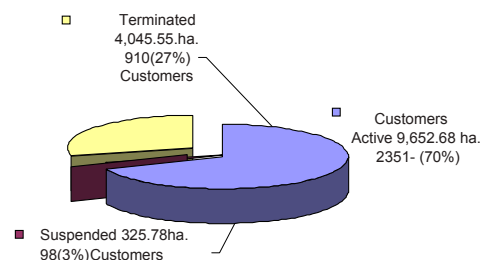
This facility will foster greater levels of communication between the NIC, its customers and other stakeholders and will provide timely updates to customers on service interruptions due to system downtime, monthly invoiced amounts as well as due dates, overdue balances, effective disconnection dates and other general information.

Our commitment to delivering the highest quality of service to our valued customers is ongoing. As such, training of all relevant staff members in customer service continued. During the year, a number of Systems Operators who are the first responders in the field, received training in customer service.

Customer Status

The pie chart below depicts the distribution of irrigated lands among customers classified as active, suspended and terminated. With a total customer base of 3,359, occupying 14,024.01 hectares of land, 70% or 2,351 customers on 9,652.68 hectares were active, 3% or 98

Analysis of Distribution of Irrigated Lands Among Active, Suspended, and Terminated Customers



customers on 325.78 hectares were suspended and 27% or 910 customers on 4,045.55 hectares were terminated. The number of active customers increased from 1,893 in the previous year to 2,351 reflecting a 24% increase.

Newly Established Irrigation Schemes

The New Forest Irrigation System, which was completed under the National Irrigation Development Programme can facilitate 497 customers on 398 hectares of land. Since completion, 388 applications have been received. To date, 269 customers with 282.08 hectares of land have been receiving irrigation services.

The Inter-Amecian Development Bank-funded Yallahs Irrigation System was completed. To date, 135 applications have been received and 30 customers with 31.81 hectares of land have been connected to the system.

Complaints

The NIC has been able to minimize complaints through improved service delivery. During the period under review, four (4) major complaints were received in the eastern region, all of which were resolved in a timely manner.

Twelve (12) major complaints were received in the western region and all were resolved.

Irrigation Water Application

Applications received for the year under review were as follows:

Eastern Region

One hundred and thirty-five applications (135) were received, an increase of 88% over the previous period. Eighty-three (83) applications were approved, while 52 are pending. Corresponding acreage is 516.08 hectares.

Western Region

Two hundred and seventy-four (274) applications were received, an increase of 38% over the previous period, with corresponding acreage of 419.23 hectares. All applications have been approved.

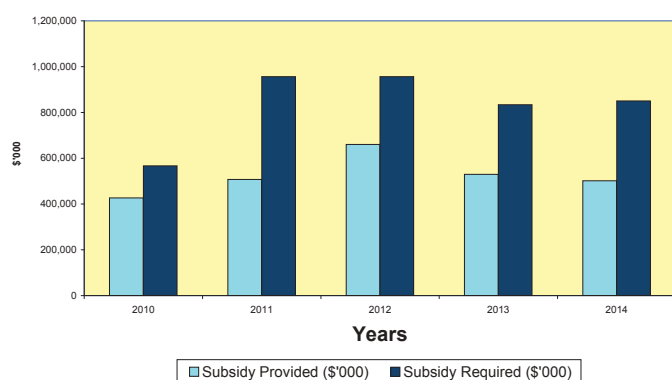


Drip Irrigation System.

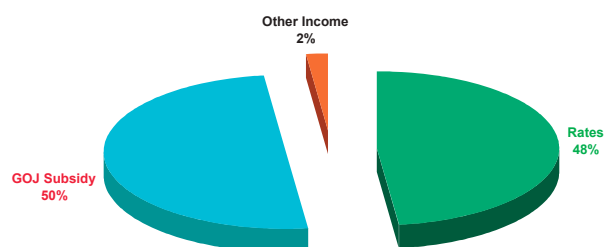
FINANCE & CORPORATE PLANNING

For the financial year ended March 31, 2014, the Commission incurred a deficit of \$180m. Operating revenue (inclusive of water sales, drainage charges and GOJ subsidy on behalf of farmers), for the financial year, decreased by 2.2% or \$21.3m when compared to the prior year. The decrease resulted primarily from a reduction in Government of Jamaica subvention of \$27.7m or 5% which was offset by a marginal increase in water sales revenue of \$6.9m.

Government of Jamaica Subsidy on behalf of Farmers



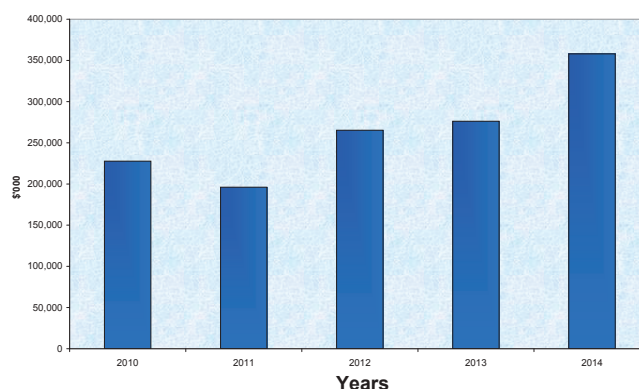
Distribution of Income for the year 2014



The Commission's operating costs increased by 24% or \$181m, moving from \$764.1m in the prior year to \$946.1m in the current year. This increase in cost was driven primarily by major costs incurred for:

- Pump electricity costs which totaled \$358m. An increase of 29.6% or \$81.8m above the prior year. This was due to an increase in kilowatt hour consumption as well as foreign exchange rate fluctuations which influenced kilowatt hour costs.

Electricity Cost

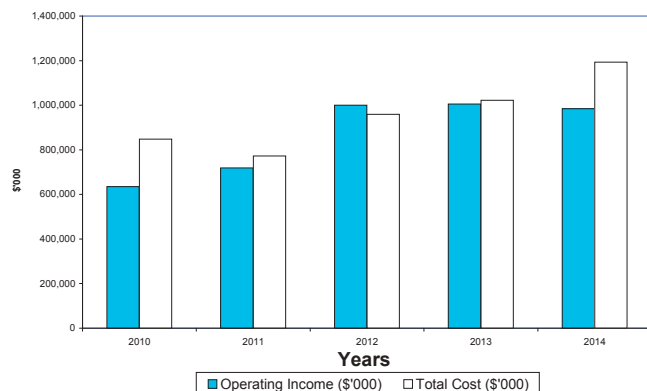


- Repairs to distribution systems/facilities which totaled \$56.2m, representing an increase of \$23m or 69.85%. These costs were for repair materials used in the maintenance of the conveyance system across the regions.
- Salaries and wages which increased by \$48m or 16.7%. One-off payment made during the financial year and increased travelling costs which resulted from an increase in travelling rates were the primary factors which influenced the increase in these costs.

For the year to year comparative, 2012/2013 and 2013/2014, the Commission's total assets were constant at \$1.2B. The current assets decreased by \$83.5m or 25.52%.

The decrease in current assets noted above was due to a \$19.2m reduction in cash and cash equivalents, a reduction of \$30.1m in resale agreements consequent to encashment made during the year, and a reduction of accounts receivables of \$43.5m. Included in prior year's receivables was \$33.8m receivable from the NIDP as well as \$10m for GOJ subvention for pump electricity cost.

Operating Income vs Expenditure



Current liabilities have increased by \$70.4m or 26.37% when compared to the prior year. The increase was primarily due to growth in accounts payable and accrued charges, as the JPS Co pump electricity costs arrears increased significantly.

Highlights of International Financial Reporting Standards (IFRS)

Revisions in the IAS 19, employee benefits, resulted in restatements in the financial statements of the Commission. This change required a restatement of the prior year 2012/2013 administrative costs for the employee benefit component from \$256m to \$247m due to a reduction of approximately \$9m in the pension benefit cost.

FINANCIAL STATEMENTS



NATIONAL IRRIGATION COMMISSION LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2014



KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
NATIONAL IRRIGATION COMMISSION LIMITED

Report on the Financial Statements

We have audited the financial statements of National Irrigation Commission Limited (company), set out on pages 3 to 36 which comprise the statement of financial position as at March 31, 2014, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 have obtained is sufficient and appropriate to provide a basis for our audit opinion.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
NATIONAL IRRIGATION COMMISSION LIMITED

Report on the Financial Statements, continued

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at March 31, 2014, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

A handwritten signature in blue ink that reads 'KPMG'.

Chartered Accountants
Kingston, Jamaica

September 29, 2014

NATIONAL IRRIGATION COMMISSION LIMITED

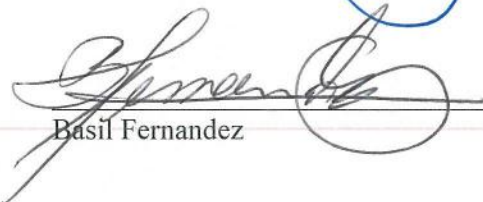
Statement of Financial Position March 31, 2014

	Notes	2014	2013*	2012*
CURRENT ASSETS				
Cash	4	20,501,351	39,762,456	102,556,568
Resale agreements	5	8,809,538	38,954,963	37,315,059
Accounts receivable	6	130,514,613	172,260,699	91,309,619
Current portion of long-term receivables	8	11,470,288	13,826,726	13,541,602
Inventories		63,730,724	54,223,356	49,185,814
Income tax recoverable		<u>8,825,701</u>	<u>8,361,240</u>	<u>7,753,217</u>
Total current assets		<u>243,852,215</u>	<u>327,389,440</u>	<u>301,661,879</u>
NON-CURRENT ASSETS				
Long-term receivables	8	16,411,820	14,309,096	13,488,836
Employee benefit asset	7	110,355,000	87,536,000	89,378,000
Intangible asset	9	9,135,033	10,439,999	11,744,965
Property, plant and equipment	10	782,240,072	776,714,116	796,628,369
Deferred tax asset	11	<u>-</u>	<u>47,053,867</u>	<u>47,219,408</u>
Total non-current assets		<u>918,141,925</u>	<u>936,053,078</u>	<u>958,459,578</u>
Total assets		<u>\$1,161,994,140</u>	<u>1,263,442,518</u>	<u>1,260,121,457</u>
CURRENT LIABILITIES				
Accounts payable and accrued charges	12	294,651,150	206,720,471	100,072,171
Government of Jamaica project advances	13	42,892,085	60,387,026	128,458,480
Current portion of long-term debt		<u>-</u>	<u>-</u>	<u>60,000,000</u>
Total current liabilities		<u>337,543,235</u>	<u>267,107,497</u>	<u>288,530,651</u>
NON-CURRENT LIABILITIES				
Deferred credit	14	<u>377,183,140</u>	<u>368,799,935</u>	<u>384,855,124</u>
Total non-current liability		<u>377,183,140</u>	<u>368,799,935</u>	<u>384,855,124</u>
Total liability		<u>714,726,375</u>	<u>635,907,432</u>	<u>673,385,775</u>
EQUITY				
Share capital	15	100	100	100
Capital reserve	16	408,130,161	408,130,161	408,130,161
Accumulated surplus		<u>39,137,504</u>	<u>219,404,825</u>	<u>178,605,421</u>
Total equity		<u>447,267,765</u>	<u>627,535,086</u>	<u>586,735,682</u>
Total liabilities and equity		<u>\$1,161,994,140</u>	<u>1,263,442,518</u>	<u>1,260,121,457</u>

The financial statements on pages 3 to 36 were approved for issue by the Board of Directors on September 29, 2014 and signed on its behalf by:


Dr. Conrad Douglas

Chairman


Basil Fernandez

Director

*Restated (note 27)

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

NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013*</u>
Operating revenue:			
Water sales and drainage charges		482,821,714	475,841,553
Government of Jamaica subsidy on behalf of farmers	17	501,721,242	529,510,668
Other funding for non-capital expenditure		<u>-</u>	<u>501,179</u>
		984,542,956	1,005,853,400
Cost of producing water and distributing it to farm gates		<u>(946,116,471)</u>	<u>(764,141,981)</u>
Gross operating surplus		38,426,485	241,711,419
Amortisation of deferred credit	14	41,800,944	40,914,194
Other income	18	18,200,753	14,226,273
Administration expenses		<u>(247,543,100)</u>	<u>(247,837,701)</u>
(Loss)/profit before finance costs and taxation		(149,114,918)	49,014,185
Finance costs	19	<u>(24,536)</u>	<u>(1,511,240)</u>
(Loss)/profit before taxation		(149,139,454)	47,502,945
Taxation charge	20	<u>(41,745,731)</u>	<u>(2,126,641)</u>
(Loss)/profit for the year	21	<u>(190,885,185)</u>	<u>45,376,304</u>
Other comprehensive income:			
Item that will never be reclassified to profit or loss:			
Re-measurement of employee benefit asset		15,926,000	(6,538,000)
Deferred tax on re-measurement of employee benefit asset	11	<u>(5,308,136)</u>	<u>1,961,100</u>
Other comprehensive income/(loss), net of tax		<u>10,617,864</u>	<u>(4,576,900)</u>
Total comprehensive (loss)/income for the year		<u>\$(180,267,321)</u>	<u>40,799,404</u>

*Restated (note 27)

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

NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Changes in Equity
Year ended March 31, 2014

	Share capital (Note 15)	Capital reserve (Note 16)	Accumulated surplus	Total
Balances at March 31, 2012:				
As previously stated	100	408,130,161	153,528,772	561,659,033
Impact of change in accounting policy (note 27)	-	-	<u>25,076,649</u>	<u>25,076,649</u>
Balances at March 31, 2012, as restated	<u>100</u>	<u>408,130,161</u>	<u>178,605,421</u>	<u>586,735,682</u>
Profit for the year:				
As previously stated	-	-	37,841,349	37,841,349
Impact of change in accounting policy (note 27)	-	-	<u>7,534,955</u>	<u>7,534,955</u>
Profit for the year, as restated	-	-	<u>45,376,304</u>	<u>45,376,304</u>
Other comprehensive income:				
Impact of change in accounting policy (note 27)	-	-	(4,576,900)	(4,576,900)
Other comprehensive loss, as restated	-	-	(4,576,900)	(4,576,900)
Total comprehensive income, as restated	-	-	<u>40,799,404</u>	<u>40,799,404</u>
Balances at March 31, 2013, as restated	<u>100</u>	<u>408,130,161</u>	<u>219,404,825</u>	<u>627,535,086</u>
Balances at March 31, 2013				
As previously stated	-	408,130,161	191,370,121	599,500,382
Impact of change in accounting policy	-	-	<u>28,034,704</u>	<u>28,034,704</u>
Balances at March 31, 2013, as restated	<u>100</u>	<u>408,130,161</u>	<u>219,404,825</u>	<u>627,535,086</u>
Loss for the year	-	-	(190,885,185)	(190,885,185)
Other comprehensive income:				
Re-measurement of employee benefit asset, net of deferred tax	-	-	<u>10,617,864</u>	<u>10,617,864</u>
Total comprehensive income for the year	-	-	(180,267,321)	(180,267,321)
Balances at March 31, 2014	<u>\$100</u>	<u>408,130,161</u>	<u>39,137,504</u>	<u>447,267,765</u>

*Restated (note 27)

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

NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Cash Flows
Year ended March 31, 2014

	Notes	2014	2013*
Cash flows from operating activities:			
(Loss)/profit for the year		(190,885,185)	45,376,304
Adjustments to reconcile (loss)/profit for the year to net cash used by operating activities:			
Depreciation	10	48,744,405	47,266,366
Amortisation of intangible asset	9	1,304,966	1,304,966
(Gain)/loss on disposal of property, plant and equipment		(692,505)	24,634
Amortisation of deferred credit	14	(41,800,944)	(40,914,194)
Property, plant and equipment written-off	10	-	501,179
Employee benefit asset		(6,893,000)	(4,696,000)
Taxation	20	41,745,731	2,126,641
Interest income		(1,924,495)	(1,867,917)
Foreign exchange gain on bank balances		(888,173)	(2,870,280)
Interest expense	19	-	1,495,890
		(151,289,200)	47,747,589
Decrease/(increase) in current assets:			
Resale agreements		30,145,425	(1,639,904)
Accounts receivable		43,597,401	(81,002,141)
Inventories		(9,507,368)	(5,037,542)
Income tax recoverable		(464,461)	(608,023)
(Decrease)/increase in current liabilities:			
Accounts payable and accrued charges		87,930,679	107,156,991
Government of Jamaica project advances		(17,494,941)	(68,071,454)
Interest paid		-	(2,005,479)
Net cash used by operating activities		(17,082,465)	(3,459,963)
Cash flows from investing activities:			
Purchase of property, plant and equipment	10	(56,224,412)	(27,877,926)
Proceeds from disposal of property, plant and equipment		2,646,556	-
Interest received		73,180	1,918,978
Long-term receivables		253,714	(1,104,486)
Net cash used by investing activities		(53,250,962)	(27,063,434)
Cash flows from financing activities:			
Deferred credit	14	50,184,149	24,859,005
Long-term debt		-	(60,000,000)
Net cash provided/(used) by financing activities		50,184,149	(35,140,995)
Net decrease in cash and cash equivalents		(20,149,278)	(65,664,392)
Cash and cash equivalents at beginning of the year		39,762,456	102,556,568
Effect of exchange rate fluctuations on cash held		888,173	2,870,280
Cash and cash equivalents at end of the year		\$ 20,501,351	39,762,456

*Restated (note 27)

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

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements Year ended March 31, 2014

1. Identification

National Irrigation Commission Limited (company) is incorporated and domiciled in Jamaica, and is wholly-owned by the Government of Jamaica through the Accountant General. The company's registered office is located at 191 Old Hope Road, Kingston 6.

The principal activities of the company are:

- (a) The management, operation, maintenance and expansion of existing and future irrigation schemes established by the Government. The principal schemes currently in operation are Hounslow, Braco, Mid-Clarendon, Rio Cobre, Yallahs, Beacon/Little Park, Seven Rivers, Colbeck, St. Dorothy, New Forrest and Yallahs IDB.
- (b) The identification and designation of the persons who shall be entitled to use the water generated by the irrigation schemes and the fixing and collection of rates or charges for such services rendered.

2. Statement of compliance and basis of preparation

- (a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

New, revised and amended standards and interpretations that became effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to its operations, with a date of initial application of January 1, 2013. The nature and effects of the changes are as follows:

- (i) IFRS 13, *Fair Value Measurement*

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

Notwithstanding the above, the change had no significant impact on the measurements of the company's assets and liabilities or disclosures in the financial statements.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that became effective during the year (cont'd)

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to its operations, with a date of initial application of January 1, 2013. The nature and effects of the changes are as follows (cont'd):

(ii) Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

As a result of the amendments to IAS 1, items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future are presented separately from those that would never be reclassified to profit or loss. Also, the title of the statement has changed from *Statement of Comprehensive Income* to *Statement of Profit or Loss and Other Comprehensive Income*.

(iii) IAS 19, *Employee Benefits*

As a result of IAS 19 (2011), the company has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

Under IAS 19 (2011), the company determines the net interest expense (income) on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit asset, taking into account any changes in the net defined benefit asset during the period as a result of contributions and defined benefit asset now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling. Previously, the company determined interest income on plan assets based on their long-term rate of expected return.

Under the revised standard, actuarial gains and losses are recognised immediately in other comprehensive income. Previously, the company recognised actuarial gains and losses using the corridor method which required that to the extent that any cumulative unrecognised gains or losses exceeded 10% of the present value of the benefit obligation that portion was recognised in surplus or deficit over the expected average remaining working lives of the employees affected; otherwise, the actuarial gains or losses were not recognised.

The change has been applied retrospectively and relevant prior year financial statements amounts have been restated accordingly (see note 27).

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that became effective during the year (cont'd)

(iv) *Improvements to IFRS 2009-2011* cycle contained amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2013. The main amendments applicable to the company are as follows:

- IAS 1, *Presentation of Financial Statements* was amended to clarify that only one comparative period, which is the preceding period, is required for a complete set of financial statements. IAS 1 requires the presentation of an opening statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification. IAS 1 has been amended to clarify that (a) the opening statement of financial position is required only if a change in accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under IAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented.
- IAS 16, *Property, Plant and Equipment* – The standard was amended to clarify that the definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether spare parts, stand-by equipment and servicing equipment should be accounted for under the standard. If these items do not meet the definition, then they are accounted for using IAS 2, *Inventories*.
- IAS 32, *Financial Instruments: Presentation* – The standard was amended to clarify that IAS 12, *Income Taxes* applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

These amendments did not result in any change in amounts recognised in the financial statements. In accordance with IAS 1, *Presentation of Financial Statements*, an opening statement of financial position has been presented consequent on the restatement arising from a change in accounting policy (note 27).

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that are not yet effective

At the date of authorisation of these financial statements, certain new, revised and amended standards and interpretations which have been issued are not yet effective at the reporting date and the company has not early-adopted. The company has assessed the relevance of all such new, revised and amended standards and interpretations with respect to its operations and has determined that the following may be relevant:

- IFRS 9, *Financial Instruments*, is effective for annual reporting periods beginning on or after January 1, 2018 (previously January 1, 2015). The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The revised standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities. The company is assessing the impact that the standard may have on its 2019 financial statements.
- *Improvements to IFRS 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the co-operative are as follows:
 - IFRS 13, *Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.
 - IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets* have been amended to clarify that, at the date of revaluation:
 - (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortisation) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or
 - (ii) the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that are not yet effective (cont'd)

- *Improvements to IFRS 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the co-operative are as follows (cont'd):
 - *IAS 24 Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

The company is assessing the impact the new, revised and amended standards and interpretations will have on its financial statements when they become effective.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis and are presented in Jamaica dollars which is the functional currency of the company.

(c) Accounting estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

2. Statement of compliance and basis of preparation (cont'd)

(c) Accounting estimates and judgements (cont'd):

Key sources of estimation uncertainty:

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are presented below:

- Pension and other post-employment benefits:

The amounts recognised in the statements of financial position and comprehensive income for pension and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the pension obligations.

The discount rate is determined based on the estimate of yield on long-term Government securities that have maturity dates approximating the terms of the company'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 loss assumptions would impact the amounts recorded in the financial statements for these obligations.

- Provision for bad debts:

In determining amounts recorded for impairment of accounts receivable in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired accounts receivable, as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant accounts receivable and total trade accounts receivable with similar characteristics, such as credit risks.

- Deferred taxation:

In recognising a deferred tax asset in the financial statements, management makes judgements regarding the utilisation of losses. Management makes an estimate of the future taxable profits against which the deductible temporary differences, unused tax losses or unused tax credit will be utilised.

It is reasonably probable, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amounts reflected in the financial statements.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

3. Significant accounting policies

(a) Cash and cash equivalents:

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments where original maturities do not exceed three months, 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.

(b) Resale agreements:

The company purchases Government securities and agrees to resell them on a specified date and at a specified price ('resale agreements' or 'reverse repos'). The company, on paying cash to the counterparty, sometimes, takes possession of the underlying securities, although title is not formally transferred, unless that counterparty fails to repurchase the securities on the date specified or to honour other conditions.

Resale agreements are accounted for as short-term collateralised lending. Resale agreements are classified as loans and receivables and are carried at amortised cost less impairment. The difference between the purchase and resale considerations is recognized on the accrual basis over the period of the engagement, using the effective yield method.

(c) Property, plant and equipment and depreciation:

(i) Owned assets

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses [see note 3(g)].

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 recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the company and its cost can be reliably measured.

(ii) Depreciation

Property, plant and equipment are depreciated on the straight-line method at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Building and leasehold improvements	2½%
Utility plant	2-3%
Furniture, fixtures and equipment	10% and 20%
Computer equipment	20%
Motor vehicles	20%

The depreciation rates, useful lives and residual values are reassessed at each reporting date.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued) Year ended March 31, 2014

3. Significant accounting policies (cont'd)

(d) Capital grants:

Grants for acquisition of property, plant and equipment and an amount equivalent to the value of property, plant and equipment received as gifts, (including an amount equivalent to the values ascribed to utility plant at the districts, which were taken over by way of gift in 1990), are included in the Deferred Credit account. Annually, an amount equivalent to the depreciation charge for the year on these assets is transferred to profit or loss.

(e) Inventories:

Inventories are carried at the lower of cost or net realisable value determined on the first-in-first-out basis, and valuation, being substantially salvage values determined by professional valuers.

(f) Employee benefits:

Employee benefits comprise all forms of consideration given by the company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave; post-employments 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 recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below.

Post-employment benefits, comprising pension obligations included in the financial statements, are actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuation is conducted in accordance with IAS 19, and the financial statements reflect the company's post-employment benefit obligations as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

The company's net obligation in respect of the defined-benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at reporting date on long-term Government bonds that have maturity dates approximating the terms of the company's obligation. The calculation is performed by a qualified actuary, using the projected unit credit method.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

3. Significant accounting policies (cont'd)

(f) Employee benefits (cont'd):

Remeasurement of the net benefit asset, which comprises actual gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The company determines the net interest income on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit asset, taking into account any changes in the net defined benefit asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in surplus or deficit.

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expected at the earlier of when the company can no longer withdraw the offer of those benefits and when the company recognises cost for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(g) Impairment:

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount:

The recoverable amount of the company's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

3. Significant accounting policies (cont'd)

(g) Impairment (cont'd):

(ii) Reversals of impairment:

An impairment loss in respect of receivables is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Taxation:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Accounts receivable:

Accounts receivable are stated at their cost, less impairment losses.

(j) Intangible asset:

Intangible asset, which represent computer software costs, is stated at cost less accumulated amortisation and, if any, impairment losses. It is being amortised on the straight-line basis at annual rates estimated to write down the assets over their expected useful lives, not exceeding a period of ten years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

(k) Accounts payable and accrued charges:

Accounts payable and accrued charges are stated at their cost.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

3. Significant accounting policies (cont'd)

(l) Foreign currencies:

Foreign currency balances at the reporting date are translated at the rates of exchange ruling on that date.

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(m) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the ("reporting entity"), in this case, the company.

(A) A person or a close member of that person's family is related to the company if that person:

- i) has control or joint control over the company;
- ii) has significant influence over the company; or
- iii) is a member of the key management personnel of the company or of a parent of the company.

(B) An entity is related to a company if any of the following conditions applies:

- i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii) Both entities are joint ventures of the same third party.
- iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
- vi) The entity is controlled, or jointly controlled by a person identified in (A).
- vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

3. Significant accounting policies (cont'd)

(n) Revenue recognition:

Revenue from water sales and drainage services is recognised in profit or loss when water is delivered to the customer, drainage services are rendered and the amounts can be reliably measured.

Government subsidy and other funding are recognised when received.

(o) Interest income and expense:

Interest income and expense are recognised in profit or loss on the accrual basis, using the effective interest method.

4. Cash

	<u>2014</u>	<u>2013</u>
Cash	1,180,070	490,674
Bank balances	<u>19,321,281</u>	<u>39,271,782</u>
	<u>\$20,501,351</u>	<u>39,762,456</u>

5. Resale agreements

At the reporting date, the fair value of underlying securities used as collateral for resale agreements was \$9,247,794 (2013: \$40,870,082).

6. Accounts receivable

	<u>2014</u>	<u>2013</u>
Trade receivables for water sales and drainage charges [note 24(b)(ii)]	99,481,242	100,186,664
Staff loans	31,267,912	23,106,198
Other receivable	<u>23,815,373</u>	<u>75,694,229</u>
	154,564,527	198,987,091
Provision for probable losses	(24,049,914)	(26,726,392)
	<u>\$130,514,613</u>	<u>172,260,699</u>

The aging of trade receivables at the reporting date was:

	<u>2014</u>		<u>2013</u>	
	<u>Gross</u>	<u>Impairment allowance</u>	<u>Gross</u>	<u>Impairment allowance</u>
Not past due	46,595,699	1,117,983	40,372,600	1,594,867
Past due 1-30 days	23,177,605	976,324	24,926,294	1,310,441
Past due 31-60 days	3,477,615	901,033	13,906,544	2,839,858
Past due 61-90 days	2,075,750	486,328	1,666,890	1,666,890
More than 90 days	<u>24,154,573</u>	<u>20,568,246</u>	<u>19,314,336</u>	<u>19,314,336</u>
	<u>\$99,481,242</u>	<u>24,049,914</u>	<u>100,186,664</u>	<u>26,726,392</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

6. Accounts receivable (cont'd)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	<u>2014</u>	<u>2013</u>
Balance as at April 1	26,726,392	22,386,099
Amounts written back	(6,443,913)	(4,901,466)
Provision recognised	<u>3,767,435</u>	<u>9,241,759</u>
Balance as at March 31	<u>\$24,049,914</u>	<u>26,726,392</u>

7. Employee benefit asset

The company sponsors a defined-benefit contributory pension scheme for all employees who have satisfied certain minimum service requirements. The benefits are computed at 2% of pensionable salary for each year of membership in the plan and on other increments as determined by the pension plan.

Amounts recognised in the financial statements in respect of this benefit are as follows:

(a) The amounts recognised in the statement of financial position are determined as follows:

	<u>2014</u>	<u>2013</u> (Restated)
Present value of funded obligations	(767,662,000)	(641,112,000)
Fair value of plan assets	878,017,000	764,757,000
Unrecognised asset due to asset ceiling	<u>-</u>	<u>(36,109,000)</u>
Asset in the statement of financial position	<u>\$110,355,000</u>	<u>87,536,000</u>

(b) Movement in the amounts recognised in the statement of financial position:

	<u>2014</u>	<u>2013</u> (Restated)
Balance at beginning of year	87,536,000	89,378,000
Contributions paid	18,070,000	17,493,000
Pension expense recognised in surplus	(11,177,000)	(12,797,000)
Re-measurement recognised in other comprehensive income	<u>15,926,000</u>	<u>(6,538,000)</u>
Balance at end of year	<u>\$110,355,000</u>	<u>87,536,000</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

7. Employee benefit asset (cont'd)

(c) Movement in the present value of obligation:

	<u>2014</u>	<u>2013</u> (Restated)
Balance at beginning of year	641,112,000	620,822,000
Service costs	20,668,000	21,639,000
Interest cost	56,999,000	52,173,000
Employees contribution	18,557,000	17,362,000
Benefits paid	(18,758,000)	(48,389,000)
Annuities purchased	2,829,000	24,181,000
Actuarial (gains)/losses arising from:		
Changes in demographic assumptions	82,341,000	-
Changes in financial assumptions	52,523,000	-
Experience adjustments	(88,609,000)	(46,676,000)
Balance at end of year	<u>\$767,662,000</u>	<u>641,112,000</u>

(d) (i) Movement in fair value of pension plan assets:

	<u>2014</u>	<u>2013</u> (Restated)
Fair value of plan assets at beginning of year	764,757,000	722,716,000
Employee's contribution	18,557,000	17,362,000
Employer's contribution	18,070,000	17,493,000
Interest income on plan assets	69,739,000	62,079,000
Benefits paid	(18,758,000)	(48,389,000)
Annuities purchased	2,829,000	24,181,000
Actuarial (gains)/losses arising from:		
Experience adjustment	13,186,000	(30,685,000)
Change in financial assumptions	2,713,000	-
Change in demographic assumption	<u>6,924,000</u>	<u>-</u>
Fair value of plan assets at end of year	<u>\$878,017,000</u>	<u>764,757,000</u>

(ii) Plan assets consist of the following:

	<u>2014</u>	<u>2013</u> (Restated)
International equity	7,769,000	-
Global market funds	2,492,000	-
Equity fund	191,686,000	180,254,000
Fixed income fund	98,888,000	96,264,000
Mortgage and real estate fund	93,786,000	73,371,000
Money market fund	47,367,000	45,236,000
Foreign currency fund	244,190,000	203,907,000
Uninvested contributions (late deposit)	2,966,000	1,040,000
Value of purchased annuities	79,018,000	74,144,000
CPI fund	<u>109,855,000</u>	<u>90,541,000</u>
	<u>\$878,017,000</u>	<u>764,757,000</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

7. Employee benefit asset (cont'd)

(e) Expense recognised in surplus:

	<u>2014</u>	<u>2013</u> (Restated)
Current service cost	20,668,000	21,639,000
Interest cost on obligation	56,999,000	52,173,000
Interest income on plan assets	(69,739,000)	(62,079,000)
Interest on effect of asset ceiling	<u>3,249,000</u>	<u>1,064,000</u>
Net pension expense included in staff costs (note 22)	<u>\$11,177,000</u>	<u>12,797,000</u>

(f) Amounts recognised in other comprehensive income:

	<u>2014</u>	<u>2013</u>
Experience adjustments	(141,153,000)	6,537,000
Change in demographic assumptions	75,417,000	-
Change in financial assumptions	<u>49,810,000</u>	<u>-</u>
	<u>\$(15,926,000)</u>	<u>6,537,000</u>

(g) As mortality continues to improve, estimates of life expectancy are expected to increase. The effect on the projected benefit obligation of an increase of one year in the life expectancy is approximately \$13.37 million.

(h) Sensitivity analysis on projected benefit obligation:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate would cause some reduction in the medical trend rate.

	<u>2014</u>	
	1% <u>Decrease</u>	1% <u>Increase</u>
	\$	\$
Discount rate	131,682,000	(103,685,000)
Future salary increases	(50,922,000)	58,848,000
Future pension increases	<u>(60,806,000)</u>	<u>70,396,000</u>

(i) Liability duration:

	<u>2014</u>	<u>2013</u>
Active members and all participants	<u>34 years</u>	<u>34 years</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

7. Employee benefit asset (cont'd)

(j) The principal actuarial assumptions (expressed as weighted averages) used were as follows:

	<u>2014</u>	<u>2013</u>
	1%	1%
Discount rate	9.5%	10%
Future salary increases	5.5%	5.5%
Future pension increases	<u>4.0%</u>	<u>4.0%</u>

(k) The company expects to pay \$37,548,000 in contributions to the plan in 2014/2015 (2013/2014: \$36,627,000).

8. Long-term receivables

	<u>2014</u>	<u>2013</u>
Refundable utility deposits	2,575,379	2,575,379
Employee loans	<u>25,306,729</u>	<u>25,560,443</u>
	27,882,108	28,135,822
Less: Current portion	<u>(11,470,288)</u>	<u>(13,826,726)</u>
	<u>\$16,411,820</u>	<u>\$14,309,096</u>

Employee loans are for the purchase of motor vehicles. The loans are repayable over 4-8 years. The interest rate on motor vehicle loans are 0%. The loans are measured at commercial bank interest rate and are secured by the respective motor vehicles [see note 24(b)(iii)] on which the loans are outstanding.

9. Intangible asset

	<u>Computer software</u>	
	<u>2014</u>	<u>2013</u>
Cost	<u>13,049,961</u>	<u>13,049,961</u>
Amortisation:		
At beginning of year	2,609,962	1,304,996
Charge for the year	<u>1,304,966</u>	<u>1,304,966</u>
At end of year	<u>3,914,928</u>	<u>2,609,962</u>
Net book value	<u>\$ 9,135,033</u>	<u>10,439,999</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

10. Property, plant and equipment

	<u>Building & leasehold improvements</u>	<u>Utility plant</u>	<u>Furniture, fixtures & equipment</u>	<u>Motor vehicles</u>	<u>Capital work-in- progress</u>	<u>Total</u>
Cost:						
March 31, 2012	77,531,989	1,694,992,123	95,242,586	42,499,871	46,532,046	1,956,798,615
Additions	536,394	7,849,337	4,647,297	13,108,167	1,736,731	27,877,926
Disposals	-	-	(123,173)	-	-	(123,173)
Reclassification	20,435,498	8,757,042	-	-	(29,192,540)	-
Written-off	-	-	-	-	(501,179)	(501,179)
March 31, 2013	98,503,881	1,711,598,502	99,766,710	55,608,038	18,575,058	1,984,052,189
Additions	612,187	-	4,226,046	-	51,386,179	56,224,412
Disposals	-	-	-	(5,798,940)	-	(5,798,940)
March 31, 2014	<u>99,116,068</u>	<u>1,711,598,502</u>	<u>103,992,756</u>	<u>49,809,098</u>	<u>69,961,237</u>	<u>2,034,477,661</u>
Depreciation:						
March 31, 2012	15,271,455	1,069,319,209	57,769,341	17,810,241	-	1,160,170,246
Charge for the year	2,003,819	31,940,860	9,411,712	3,909,975	-	47,266,366
Eliminated on disposals	-	-	(98,539)	-	-	(98,539)
March 31, 2013	17,275,274	1,101,260,069	67,082,514	21,720,216	-	1,207,338,073
Charge for the year	2,349,093	32,352,772	9,432,419	4,610,121	-	48,744,405
Eliminated on disposals	-	-	-	(3,844,889)	-	(3,844,889)
March 31, 2014	<u>19,624,367</u>	<u>1,133,612,841</u>	<u>76,514,933</u>	<u>22,485,448</u>	<u>-</u>	<u>1,252,237,589</u>
Net book values:						
March 31, 2014	<u>\$79,491,701</u>	<u>577,985,661</u>	<u>27,477,823</u>	<u>27,323,650</u>	<u>69,961,237</u>	<u>782,240,072</u>
March 31, 2013	<u>\$81,228,607</u>	<u>610,338,433</u>	<u>32,684,196</u>	<u>33,887,822</u>	<u>18,575,058</u>	<u>776,714,116</u>
March 31, 2012	<u>\$62,260,534</u>	<u>625,672,914</u>	<u>37,473,245</u>	<u>24,689,630</u>	<u>46,532,046</u>	<u>796,628,369</u>

Included in building and leasehold improvements is a leasehold improvements with a net book value of \$56,250,960 (2013: \$78,485,161).

Capital work-in-progress represents internal projects, relating to lining of canals, construction of building and other construction works, funded by the Government of Jamaica, which are undertaken and managed by the company. The cost to complete the projects has not been quantified to date. There are currently no contractual commitments related to completion of these projects, as they are being carried out by the company as, and when, funds become available.

11. Deferred tax asset

Deferred tax asset is attributable to the following:

	<u>2014</u>	<u>2013</u>
Property, plant and equipment	23,173,677	29,788,118
Accounts receivable	(7,942)	(29,102)
Accounts payable and accrued charges	16,116,597	12,591,165
Tax losses	-	32,726,239
Intangible asset	(2,501,012)	(1,761,753)
Employee benefit asset	<u>(36,781,320)</u>	<u>(26,260,800)</u>
	<u>\$ -</u>	<u>47,053,867</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

11. Deferred tax asset (cont'd)

Movement in temporary differences during the year:

	2014			
	Balance at March 31, 2013	Recognised in income [Note 20(a)(ii)]	Recognised in other comprehensive income	Balance at March 31, 2014
Property, plant and equipment	29,788,118	(6,614,441)	-	23,173,677
Accounts receivable	(29,102)	21,160	-	(7,942)
Accounts payable and accrued charges	12,591,165	3,525,432	-	16,116,597
Tax losses	32,726,239	(32,726,239)	-	-
Intangible asset	(1,761,753)	(739,259)	-	(2,501,012)
Employee benefit asset	(26,260,800)	(5,212,384)	(5,308,136)	(36,781,320)
	<u>\$47,053,867</u>	<u>(41,745,731)</u>	<u>(5,308,136)</u>	<u>-</u>

	2013			
	Balance at March 31, 2012	Recognised in income [Note 20(a)(ii)]	Recognised in other comprehensive income	Balance at March 31, 2013
Property, plant and equipment	27,755,071	2,033,047	-	29,788,118
Accounts receivable	(49,356)	20,254	-	(29,102)
Accounts payable and accrued charges	15,133,938	(2,542,773)	-	12,591,165
Unrealised foreign exchange gain	152,566	(152,566)	-	-
Tax losses	35,433,606	(2,707,367)	-	32,726,239
Intangible asset	(1,413,746)	(348,007)	-	(1,761,753)
Employee benefit asset	(29,792,671)	1,570,771	1,961,100	(26,260,800)
	<u>\$47,219,408</u>	<u>(2,126,641)</u>	<u>1,961,100</u>	<u>47,053,867</u>

12. Accounts payable and accrued charges

	2014	2013
Accrued vacation leave	44,816,594	45,776,605
Customer deposits	11,721,655	9,156,735
Trade payables	221,388,978	123,756,458
Provision for litigation settlement	4,684,256	3,684,256
Other accruals	4,003,238	3,107,700
Other payables	<u>8,036,429</u>	<u>21,238,717</u>
	<u>\$294,651,150</u>	<u>206,720,471</u>

13. Government of Jamaica project advances

This balance represents the net unspent portion of funds received from the Government of Jamaica (GOJ) and its agencies for the following projects:

	2014	2013
National Irrigation Development Plan (NIDP)		
- Implementation (see below)	49,501,797	31,786,256
Miscellaneous capital projects	7,895,740	2,733,146
Rain Water Harvesting Project	(11,000)	-
GOJ Agricultural Productivity Projects	(18,753,237)	21,608,839
Fishing Beach Projects	<u>4,258,785</u>	<u>4,258,785</u>
	<u>\$42,892,085</u>	<u>60,387,026</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

13. Government of Jamaica project advances (cont'd)

The NIDP project involved the implementation of an irrigation plan for Jamaica and was being jointly funded by the Caribbean Development Bank (CDB), Inter-American Development Bank (IDB) and the Government of Jamaica. The project was being administered by the company; however, disbursement of funds was made directly to contractors by the CDB, while the National Irrigation Commission Limited made direct payments to contractors from the IDB funds.

14. Deferred credit

	Balance at March 31, 2012	Movement during the year	Balance at March 31, 2013	Movement during the year	Balance at March 31, 2014
Grant for acquisition of property, plant and equipment (net of disposals)	203,679,186	52,815,993	256,495,179	25,485,010	281,980,189
Property, plant and equipment gifted by Agro 21 Corp., net, in 1991	1,198,152	-	1,198,152	-	1,198,152
Property, plant and equipment gifted by Ministry of Agriculture	1,203,061	-	1,203,061	-	1,203,061
Property, plant and equipment transferred from NIDP Project	1,896,725	-	1,896,725	-	1,896,725
Property, plant and equipment, other than utility plant, gifted by district irrigation authorities	3,520,295	-	3,520,295	-	3,520,295
Utility plant acquired under CDB/IDB project and utility plant of previously unrecorded irrigation authorities capitalised during 1991	141,941,917	-	141,941,917	-	141,941,917
Utility plant acquired out of project funds	591,096,098	-	591,096,098	-	591,096,098
Revaluation surplus on inventories	1,233,211	-	1,233,211	-	1,233,211
Irrigation pipes gifted by Chinese Government	41,993,367	-	41,993,367	-	41,993,367
Computers funded by the NIDP Project	14,546,237	-	14,546,237	-	14,546,237
Global Positioning System (GPS) units funded by the NIDP Project	854,367	-	854,367	-	854,367
Motor vehicle acquired out of NIDP project funds	2,945,000	-	2,945,000	-	2,945,000
Motor vehicle gifted by the Ministry of Agriculture and Fisheries	950,000	-	950,000	-	950,000
Customer Relationship Management System (CRMS) funded by the NIDP	13,049,961	-	13,049,961	-	13,049,961
Expenditure on contracts-in-progress (net of amounts expensed) (note 10) out of GOJ project advances	<u>46,532,046</u>	<u>(27,956,988)</u>	<u>18,575,058</u>	<u>24,699,139</u>	<u>43,274,197</u>
	1,066,639,623	24,859,005	1,091,498,628	50,184,149	1,141,682,777
Amortisation transferred to profit or loss	(681,784,499)	(40,914,194)	(722,698,693)	(41,800,944)	(764,499,637)
	<u>\$ 384,855,124</u>	<u>(16,055,189)</u>	<u>368,799,935</u>	<u>8,383,205</u>	<u>377,183,140</u>

The net book value of property, plant and equipment, with the cost of which the deferred credit account was increased at the date of acquisition, is eliminated from the deferred credit account on the disposal of the assets.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

15. Share capital

	<u>2014</u>	<u>2013</u>
Authorised, issued and fully-paid:		
100 ordinary shares at no par value	<u>\$100</u>	<u>100</u>

16. Capital reserve

This represents previously determined revaluation surplus on property, plant and equipment which, on first-time adoption of IFRS, was deemed part of the cost of the utility plant.

17. Government of Jamaica subsidy on behalf of farmers

The purpose of this subsidy is to significantly reduce the portion of the cost of providing irrigation water to farmers which would normally be recovered from them as rates. By this means, Government subsidises irrigated agriculture.

In light of the last review conducted by the Office of Utilities Regulation, the company estimated that the subsidy would need to be \$850.0 million (2013: \$834.0 million) in order for the company to deliver irrigation water as required by farmers, in the context of the schemes mentioned in note 1(a). Of this amount, \$501.7 million (2013: \$529.5 million) was approved by Parliament and paid to the company.

18. Other income

	<u>2014</u>	<u>2013</u>
Finance income:		
Investments and cash and cash equivalents	1,510,940	1,867,917
Other	413,553	810,135
Amortisation of interest on concessionary loans	3,227,576	4,406,896
Exchange gain	888,173	2,870,280
Service fees	2,837,520	1,428,401
(Gain)/loss on disposal of property, plant and equipment	692,506	(24,635)
Miscellaneous	<u>8,630,485</u>	<u>2,867,279</u>
	<u>\$18,200,753</u>	<u>14,226,273</u>

19. Finance costs

	<u>2014</u>	<u>2013</u>
Bank overdraft	24,536	15,350
Long-term debt	<u>-</u>	<u>1,495,890</u>
	<u>\$24,536</u>	<u>1,511,240</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

20. Taxation

- (a) The provision for income tax is computed at 33⅓% (2013: 30%) of the results for the year, as adjusted for tax purposes, and is made up as follows:

	<u>2014</u>	<u>2013</u>
(i) Current tax charge:		
Provision for charge on current year's profits	-	-
(ii) Deferred tax:		
Origination and reversal of temporary differences (note 11)	9,019,492	4,834,008
Tax losses	<u>32,726,239</u>	<u>(2,707,367)</u>
Actual tax charge recognised	<u>\$41,745,731</u>	<u>2,126,641</u>

- (b) The actual taxation charge differs from the "expected" tax charge for the year as follows:

	<u>2014</u>	<u>2013</u>
(Loss)/profit before taxation	\$(149,139,454)	<u>47,502,945</u>
Computed "expected" tax (credit)/charge	(49,708,181)	14,250,884
Tax effect of treating items differently for financial statements and tax reporting purposes -		
Depreciation, amortisation and capital allowances	16,493,602	3,902,292
Foreign exchange gain, capital	(296,028)	(708,518)
Amortisation of deferred credits	(13,932,255)	(12,274,258)
Expenses not allowed for tax purposes	47,444	1,142,621
(Gain)/loss on disposal of property, plant and equipment	(230,812)	7,390
Interest on concessionary loans	(11,415)	(37,919)
Effect of change in tax rates	5,222,979	6,562,583
Tax losses	83,228,605	-
Other	<u>931,792</u>	<u>(10,718,434)</u>
Actual tax charge recognised	<u>\$ 41,745,731</u>	<u>2,126,641</u>

- (c) At March 31, 2014, taxation losses amounting to approximately \$270,773,000 (2013: \$108,352,320) are available for set-off against future taxable profits, subject to agreement by the Commissioner General, Tax Administration Jamaica. As at January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilized in any one year is restricted to 50% of the current year's taxable profits.

During the year, the corporate income tax rate for non-regulated entities was reduced from 33⅓% to 25%. However, the company is currently a regulated entity and as such, its income tax rate moved from 30% to 33⅓%.

- (d) Deferred tax asset of approximately \$90,676,600 (2013: \$Nil) in respect of taxation losses has not been recognised in the financial statements, due to the uncertainty that future profits will be generated within the foreseeable future against which the asset can be realised.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

21. Profit for the year

The following are among the items charged in arriving at profit for the year:

	<u>2014</u>	<u>2013</u>
	\$	\$
Directors' emoluments [note 23(c)]:		
Fees	1,908,375	2,174,500
Travel	2,743,787	2,314,873
Auditors' remuneration	1,900,000	1,900,000
Depreciation	<u>48,744,405</u>	<u>47,266,366</u>

22. Employee numbers and costs

The average number of persons employed by the company during the year was as follows:

	<u>2014</u>	<u>2013</u>
Full-time	154	151
Part-time	13	13
Other	<u>28</u>	<u>35</u>
	<u>195</u>	<u>199</u>

The aggregate payroll costs for these persons were as follows:

	<u>2014</u>	<u>2013</u>
Salaries	359,024,655	326,100,753
Statutory payroll contributions	16,454,640	10,291,479
Pension benefit cost (net of contribution) [note 7(e)]	11,177,000	12,797,000
Travel and subsistence	101,799,741	85,505,650
Gratuities	3,669,800	4,950,444
Training	4,371,542	3,869,705
Accrued vacation leave	(960,010)	4,096,118
Insurance scheme	28,045,772	20,084,431
Staff welfare	<u>5,288,933</u>	<u>4,890,851</u>
	<u>\$528,872,073</u>	<u>472,586,431</u>

23. Related party balances and transactions

Identity of related parties:

- (a) The company has a related party relationship with its associates and key management personnel, comprising directors and certain senior executives.
- (b) In addition to those stated thereon, the statement of financial position includes balances, arising in the ordinary course of business, with related parties as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Accounts receivable:		
Directors	182,554	247,603
Long-term receivables:		
Employee loans - key management personnel	<u>3,275,000</u>	<u>2,354,167</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

23. Related party balances and transactions (cont'd)

- (c) The statement of profit or loss and other comprehensive income includes transactions with key management personnel in the ordinary course of business, as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Compensation paid to key management personnel:		
Directors' emoluments (note 21)	4,652,162	4,489,373
Salaries to other key management personnel	27,414,083	27,925,860
Post-employment benefits	<u>381,000</u>	<u>466,000</u>
	<u>32,447,245</u>	<u>32,881,233</u>
Interest income from directors	<u>616,379</u>	<u>655,570</u>

24. Financial risk management

- (a) Overview:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The company does not use derivative instruments as a risk management strategy at this time.

The company's financial instruments comprise cash and cash equivalents, resale agreements accounts receivable, long-term receivables, accounts payable, Government of Jamaica project advances, and long-term debt. Information relating to fair values and risks is summarised below.

The company has exposure to the following risks from its use of financial instruments and its operations:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has established the Finance, Audit and General Purposes Committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

24. Financial risk management (cont'd)

(a) Overview (cont'd):

The company's risk management policies are established to identify and analyse the risks faced by the company, 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 company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Finance, Audit and General Purposes Committee oversees management's monitoring of compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Finance, Audit and General Purposes Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Finance, Audit and General Purposes Committee.

(b) Credit risk:

Credit risk is the risk of financial loss to the company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents, resale agreements, trade receivables and long-term motor vehicle loans to employees.

(i) Cash and cash equivalents and resale agreements

Cash and cash equivalents are held with financial institutions which the company regards as strong.

The company limits its exposure to credit risk by investing only in liquid securities that are backed by the Government of Jamaica through established counterparties that are licensed under the Financial Institutions Act and registered with the Financial Services Commission. Consequently, management does not expect any counterparties to fail to meet their obligations. Collateral is held for resale agreements.

(ii) Trade receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The company has a policy under which each customer is analysed before being contracted for the supply of services. Contracted customers are required to make a refundable security deposit that is based on three months projected consumption with regard to the customer's holdings. Customers that fail to meet the company's benchmark for the supply of services may transact with the company on a prepayment basis.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

24. Financial risk management (cont'd)

(b) Credit risk (cont'd):

(ii) Trade receivables (cont'd)

Credit risk is concentrated in the ten largest customers who hold more than 50 percent of the company's trade receivables.

The Director of Commercial Operations has overall responsibility for ensuring the timely collection of outstanding receivables. The Commercial Department reports on the status of collections and receivables to the Finance, Audit and General Purposes Committee monthly.

Allowances for impairment

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables based on pre-determined criteria. The main component of this allowance is a specific loss component that relates to individual exposures.

The allowance account in respect of trade receivables is used to record impairment losses, unless the company is satisfied that no recovery of the amount owing is possible; at that point, management obtains permission from the Minister of Agriculture and Fisheries to write off the amounts against the receivable balance directly.

Exposure to credit risk

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	<u>Carrying amount</u>	
	<u>2014</u>	<u>2013</u>
St. Thomas	584,663	491,402
St. Catherine	55,661,404	39,525,775
Clarendon	19,099,918	26,391,834
St. Elizabeth	22,107,205	31,420,856
Trelawny	1,681,415	2,052,271
St. James	<u>346,637</u>	<u>304,526</u>
	<u>\$99,481,242</u>	<u>100,186,664</u>

There has been no change to the company's exposure to credit risk or the manner in which it measures and manages this risk.

(iii) Long-term receivables

The company grants loans to its employees to facilitate the purchase of motor vehicles. Loans are repayable over a period of 4-8 years; however, the repayment period may not exceed the expected remaining years to retirement of individual employees. Management does not expect any counterparty to fail to meet his/her obligations.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

24. Financial risk management (cont'd)

(b) Credit risk (cont'd):

(iii) Long-term receivables (cont'd)

Collateral held against financial assets

Loans granted are secured by the registration of a lien on the motor vehicles acquired as well as a bill of sale. Estimates of the fair values are based on the sum insured of the collateral, at each reporting date. The fair value of these collateral as at March 31, 2014 was \$74,756,808 (2013: \$77,815,808).

(c) Liquidity risk:

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

Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses.

The contractual outflow for accounts payable and accrued charges is represented by its carrying amount and may require settlement within 12 months of the reporting date. Government of Jamaica project advances represents the amounts remaining from Government grants and multilateral financing received to finance the company's capital budget as well as to undertake specific NIDP projects. Funds are received from the Government and multilateral agencies based on an approved budget.

There has been no change to the company's exposure to liquidity risk or the manner in which it measures and manages the risk.

(d) Market risk:

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

(i) Currency risk

The company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the functional currency of the company, primarily, the United States Dollar (US\$). The company's net exposure at reporting date was:

	<u>2014</u>	<u>2013</u>
	US\$	US\$
Cash and cash equivalents	<u>4,268</u>	<u>240,414</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

24. Financial risk management (cont'd)

(d) Market risk (cont'd):

(i) Currency risk (cont'd)

The average exchange rate for the US dollar in terms of Jamaica dollars, at March 31, 2014 was: US\$1.00 = J\$108.9943 (2013: J\$97.9353).

Sensitivity analysis

A 1% (2013: 1%) strengthening of the US\$ against the Jamaica dollar would have increased profit by \$4,652 (2013: \$235,474). A 15% (2013: 10%) weakening would have decreased profit by \$69,778 (2013: \$2,354,478). This analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis as for 2013.

(ii) 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.

Profile

At the reporting date, the interest rate profile of the company's interest-bearing financial instruments was:

	<u>Carrying amount</u>	
	<u>2014</u>	<u>2013</u>
Resale agreements	8,809,538	38,954,963
Employee loans	<u>31,267,912</u>	<u>23,106,198</u>
	<u>\$40,077,450</u>	<u>62,061,161</u>

These financial assets are carried at cost and bear interest at fixed rates.

There has been no change to the company's exposure to market risk or the manner in which it measures and manages this risk.

(e) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

24. Financial risk management (cont'd)

(e) Operational risk (cont'd):

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall company standards for the management of operational risk, including the following:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with the company's standards is supported by a programme of periodic reviews undertaken by the internal audit unit. The results of internal audit reviews are discussed with management, with summaries submitted to the Board of Directors, the Audit Committee and senior management of the company, and action is taken to deal with the matters reported.

There has been no change to the company's exposure to operational risk or the manner in which it measures and manages this risk.

(f) Capital management:

The company is not subject to any externally imposed capital requirements.

It is the Board's policy to maintain a strong capital base so as to sustain the future operation of the company. The Board of Directors monitors the return on capital, which the company defines as total equity.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

25. Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

Determination of fair value and fair value hierarchy

IFRS specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Discounted cash flow technique using a discount rate from observable market data, i.e. average of several brokers/dealers market indicative yields in active markets for identical assets or liabilities.

Level 3 – Valuation techniques using significant unobservable inputs.

The fair values of cash and cash equivalents, resale agreements, accounts receivable and accounts payable are assumed to approximate to their carrying values, due to their short-term nature.

The fair value of long-term receivable approximates to its carrying value as no discount is expected on settlement.

26. Contingent liabilities

- (i) A claim was made against the company in August 2000 for damages in the amount of \$2,254,630 arising from alleged damage to the crops of the plaintiff as a result of alleged disconnection of water supply.

The company made an appeal against the claim which was heard on 26th January 2010. The appeal was allowed with cost. A determination of the cost is currently being made to bring closure to the above matter. No provision has been made in these financial statements.

- (ii) A claim was made against the company by an ex-employee in which the court awarded cost to the ex-employee. An amount of \$3,684,256 is included in accounts payable (note 12) pending any claims.
- (iii) A claim was made against the company by an ex-employee. An amount of \$1,000,000 is included in accounts payable (note 12) pending any claims.
- (iv) A claim was made against the company in April 2005 for damages in the amount of \$155,000 arising from alleged flooding caused by canal. No provision has been made in these financial statements.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2014

27. Prior year adjustment

As indicated in note 2(a)(iii), effective April 1, 2013, the company adopted IAS 19 (Revised) *Employee Benefits*. The change in accounting policy was applied retrospectively. The effects of the adjustments are detailed below:

(a) Effect on the statement of financial position:

	<u>Employee benefit asset</u>	<u>Deferred tax asset</u>	<u>Accumulated surplus</u>
Balances at March 31, 2012			
As previously stated	51,763,000	59,757,759	(153,528,772)
Impact of re-measurement of employee benefit asset	<u>37,615,000</u>	<u>(12,538,351)</u>	<u>(25,076,649)</u>
Balances at March 31, 2012, as restated	<u>\$89,378,000</u>	<u>47,219,408</u>	<u>(178,605,421)</u>
Balances at March 31, 2013			
As previously stated	<u>47,486,000</u>	<u>59,069,163</u>	<u>(191,370,121)</u>
Impact of re-measurement of employee benefit asset for 2012	37,615,000	(12,538,351)	(25,076,649)
Effect on profit or loss for 2013	8,973,000	(1,438,045)	(7,534,955)
Effect on other comprehensive income for 2013	<u>(6,538,000)</u>	<u>1,961,100</u>	<u>4,576,900</u>
	<u>40,050,000</u>	<u>(12,015,296)</u>	<u>(28,034,704)</u>
Balances at March 31, 2013, as restated	<u>\$87,536,000</u>	<u>47,053,867</u>	<u>(219,404,825)</u>

(b) Effect on profit for the year ended March 31, 2013:

As previously reported	37,841,349
Prior year adjustment (see below)	<u>7,534,955</u>
As restated	<u>\$45,376,304</u>

(c) Effect on other comprehensive income for the year ended March 31, 2013:

As previously reported	<u>37,841,349</u>
Effect on profit or loss for 2013:	
Re-measurement of employee benefit asset	8,973,000
Deferred tax on re-measurement of employee benefit asset	<u>(1,438,045)</u>
	<u>7,534,955</u>
Effect on other comprehensive income in 2013:	
Re-measurement of employee benefit asset	(6,538,000)
Deferred tax on re-measurement of employee benefit asset	<u>1,961,100</u>
	<u>(4,576,900)</u>
As restated	<u>\$40,799,404</u>

NATIONAL IRRIGATION COMMISSION LIMITED

SUPPLEMENTARY INFORMATION TO THE
FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

NATIONAL IRRIGATION COMMISSION LIMITED

Government of Jamaica Project Advances
As at and for year ended March 31, 2014

<u>PROJECTS</u>	<u>At beginning of year</u>	<u>Received during year</u>	<u>Transfer of project funds</u>	<u>Total</u>	<u>Capital work</u>	<u>Expenditure capitalised</u>	<u>Non-capital expenditure</u>	<u>Capital 'B' expenditure</u>	<u>2014</u>	<u>2013</u>
Fabrication of gates and installation of mechanical devices	990,144	-	-	990,144	-	(966,068)	(24,076)	-	-	-
Construction of storage reservoirs	1,200,220	-	-	1,200,220	-	-	(1,200,220)	-	-	-
Colbeck	578,305	-	-	578,305	-	-	(578,305)	-	-	-
Construction of Dam	14,143,538	-	-	14,143,538	(50,000)	(14,022,668)	(30,245)	-	40,625	40,625
Hounslow	2,198,189	-	-	2,198,189	-	-	(2,198,189)	-	-	-
Lining of Canals	165,985,916	25,669,139	-	191,655,055	(24,992,384)	(103,899,711)	(74,160,574)	-	(11,397,614)	-
National Irrigation Development Plan	1,484,301,829	170,823,402	-	1,655,125,231	-	-	-	(1,605,138,434)	49,986,797	31,786,256
National Irrigation Development Plan	448,435,563	-	-	448,435,563	-	-	-	(448,920,563)	(485,000)	-
- Implementation	229,444,544	-	-	229,444,544	-	(186,286,661)	(24,204,861)	-	18,953,022	427,964
Other capital projects	2,701,354	-	-	2,701,354	-	-	(528,773)	-	2,172,581	2,172,581
Joint Venture- New Era rehab infrastructure	2,639,774	-	-	2,639,774	-	(2,547,798)	-	-	91,976	91,976
Ext. Block E Pipeline	151,069,666	-	-	151,069,666	-	(149,502,023)	(1,567,643)	-	-	-
Second Sugar Rehabilitation	29,094,791	-	-	29,094,791	-	(29,070,822)	(23,969)	-	-	-
Thetford	25,336,710	-	-	25,336,710	-	(24,394,104)	(942,606)	-	-	-
Yallahs	12,896,074	-	-	12,896,074	-	-	(12,907,074)	-	(11,000)	-
Rain Water Harvesting Project	5,836,250	205,875	-	6,042,125	-	-	(8,006,974)	-	(1,964,849)	-
Energy Saving Projects	24,133,175	41,566,825	-	65,700,000	(14,311,677)	-	(38,499,812)	-	12,888,511	22,724,517
Vernamfield Irrigation System Project	-	-	-	-	(29,405,135)	-	(2,236,614)	-	(31,641,749)	(1,115,678)
Agro. Parks Project	70,000,000	-	-	70,000,000	-	-	(65,741,215)	-	4,258,785	4,258,785
Fishing Beach Projects	<u>\$2,670,986,042</u>	<u>238,265,241</u>	<u>-</u>	<u>2,909,251,283</u>	<u>(68,759,196)</u>	<u>(510,689,855)</u>	<u>(232,851,150)</u>	<u>(2,054,058,997)</u>	<u>42,892,085</u>	<u>60,387,026</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Expenses

Year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
<u>Cost of producing and distributing water to farm gates</u>		
Depreciation	48,744,405	47,266,366
Electricity	357,958,083	276,170,587
Equipment hireage	8,042,350	6,742,708
Fuel and lubricants	3,767,888	3,541,572
General expenses	6,205,379	2,742,474
General insurance	7,660,066	8,742,542
Haulage	3,662,610	2,465,950
Maintenance of conveyance system (labour)	59,502,626	60,836,374
Motor vehicle fuel, repairs and maintenance	14,706,446	9,249,922
Telephone, postage, data, etc.	3,480,796	3,998,463
Office refreshments	1,085,779	790,291
Stationery	1,386,780	638,271
Computer expenses	770,050	498,045
Bank charges	182,161	184,319
Regulatory fees	837,776	356,900
Office rent and property taxes	1,160,243	808,923
Office utilities	9,779,451	7,975,048
Advisory committee fees and related expenses	2,516,086	535,163
Professional fees	3,235,100	113,925
Repairs to buildings, distribution canals, pipelines, pumps etc. (material)	56,235,756	33,127,426
Salaries, wages and related costs (see below)	337,719,781	289,454,692
Security	<u>17,476,859</u>	<u>7,902,020</u>
Total cost of producing and distributing water	946,116,471	764,141,981
Administration expenses (page III)	247,543,100	247,837,701
Finance costs	<u>24,536</u>	<u>1,511,240</u>
Total expenses	<u>\$1,193,684,107</u>	<u>1,013,490,922</u>
<u>Salaries, wages and related costs</u>		
Personnel emoluments	223,893,528	202,141,163
Insurance scheme	19,077,256	14,510,480
Statutory contributions	10,563,907	6,705,170
Staff welfare	3,165,513	2,711,214
Accrued vacation leave	700,376	1,603,726
Travel and subsistence	76,955,634	60,251,682
Training	<u>3,363,567</u>	<u>1,531,257</u>
	<u>\$ 337,719,781</u>	<u>289,454,692</u>

NATIONAL IRRIGATION COMMISSION LIMITEDAdministration expenses
Year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
Amortisation of intangible assets	1,304,966	1,304,966
Interest on concessionary loans	3,193,329	4,280,498
Advertising and public relations	3,347,302	8,580,338
Bank charges	326,640	213,179
Bad debts, net of recoveries	(2,676,477)	4,340,293
Directors expenses	7,015,724	5,746,340
Insurance	481,851	609,314
Motor vehicle fuel, repairs and maintenance	4,319,087	2,607,967
Office maintenance	3,164,230	2,939,860
Computer expenses	4,457,159	3,043,194
Stationery	1,491,399	1,532,484
Telephone, postage, data, etc.	7,811,762	5,751,980
Refreshment	1,613,581	1,349,286
Subscription and donation	753,444	176,968
Other expenses	102,851	409,360
Office utilities	7,002,239	7,510,614
Professional fees	8,065,121	9,630,084
Salaries, wages and related costs (see below)	191,152,292	183,131,739
Security	2,112,990	2,058,838
Office expenses	229,708	206,959
Special projects expenses	<u>2,273,902</u>	<u>2,413,440</u>
Total administration expenses (to page II)	<u>\$247,543,100</u>	<u>247,837,701</u>

Salaries, wages and related costs

Personnel emoluments	135,131,127	123,959,590
Pension benefit cost (net of contribution)	11,177,000	12,797,000
Insurance scheme	8,968,516	5,573,951
Statutory contributions	5,890,733	3,586,309
Vacation leave	(1,660,386)	2,492,392
Gratuities	3,669,800	4,950,444
Staff welfare	2,123,420	2,179,637
Training	1,007,975	2,338,448
Travel and subsistence	<u>24,844,107</u>	<u>25,253,968</u>
	<u>\$191,152,292</u>	<u>183,131,739</u>

CORPORATE DATA

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