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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 37 which comprise the statement of financial position as at March 31, 2015, 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 modified audit opinion.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of NATIONAL IRRIGATION COMMISSION LIMITED

Report on the Financial Statements (cont'd)

Basis of Qualified Opinion

As described in note 8(b), the company extended health insurance coverage to its retirees effective April 1, 2014. An actuarial valuation was not done at the reporting date, contrary to IAS 19, *Employee Benefits*, which requires that an entity's obligation in respect of post-employment benefits should be actuarially valued at the reporting date. In the absence of a valuation, there is no basis for determining the financial effects of the adjustments which might have been determined to be necessary to the company's non-current liabilities, administration expenses, loss for the year and the accumulated deficit, had the required actuarial valuation been done.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the company as at March 31, 2015, 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.

Emphasis of matter

We draw your attention to note 2(b) in the financial statements, which sets out management's assertions underlying the continuing appropriateness of the going concern assumption utilised in the preparation of financial statements, which inter alia, refer to management's plans for the future.

Report on additional matters as required by the Jamaican Companies Act

Except as disclosed in the Basis of Qualified Opinion, 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.

Chartered Accountants Kingston, Jamaica

September 21, 2015

Statement of Financial Position March 31, 2015

	Notes	2015	<u>2014</u>
CURRENT ASSETS Cash	и	17.077.042	20 501 251
Resale agreements	4 5	17,077,842 9,135,198	20,501,351 8,809,538
Accounts receivable	6	132,716,305	130,514,613
Current portion of long-term receivable	7	11,720,109	11,470,288
Inventories	,	66,669,536	63,730,724
Income tax recoverable		8,934,725	8,825,701
Total current assets		246,253,715	243,852,215
NON-CURRENT ASSETS			
Long-term receivable	7	17,587,187	16,411,820
Employee benefit asset	8(a)	112,666,000	110,355,000
Intangible asset	9	7,830,065	9,135,033
Property, plant and equipment	10	768,109,254	<u>782,240,072</u>
Total non-current assets		906,192,506	918,141,925
Total assets		\$ <u>1,152,446,221</u>	1,161,994,140
CURRENT LIABILITIES			
CURRENT LIABILITIES Accounts payable and accrued charges	11	351,704,708	294,651,150
	11 12	351,704,708 	294,651,150 42,892,085
Accounts payable and accrued charges			
Accounts payable and accrued charges Government of Jamaica project advances		73,714,276	42,892,085
Accounts payable and accrued charges Government of Jamaica project advances Total current liabilities		73,714,276	42,892,085
Accounts payable and accrued charges Government of Jamaica project advances Total current liabilities NON-CURRENT LIABILITIES	12	73,714,276 425,418,984	42,892,085
Accounts payable and accrued charges Government of Jamaica project advances Total current liabilities NON-CURRENT LIABILITIES Long-term liability	12 13	73,714,276 425,418,984 17,832,092	<u>42,892,085</u> <u>337,543,235</u>
Accounts payable and accrued charges Government of Jamaica project advances Total current liabilities NON-CURRENT LIABILITIES Long-term liability Deferred credit	12 13	73,714,276 425,418,984 17,832,092 341,303,533	42,892,085 337,543,235 - 377,183,140
Accounts payable and accrued charges Government of Jamaica project advances Total current liabilities NON-CURRENT LIABILITIES Long-term liability Deferred credit Total non-current liabilities Total liabilities	12 13	73,714,276 425,418,984 17,832,092 341,303,533 359,135,625	
Accounts payable and accrued charges Government of Jamaica project advances Total current liabilities NON-CURRENT LIABILITIES Long-term liability Deferred credit Total non-current liabilities	12 13	73,714,276 425,418,984 17,832,092 341,303,533 359,135,625	
Accounts payable and accrued charges Government of Jamaica project advances Total current liabilities NON-CURRENT LIABILITIES Long-term liability Deferred credit Total non-current liabilities Total liabilities EQUITY Share capital Capital reserve	12 13 14	73,714,276 425,418,984 17,832,092 341,303,533 359,135,625 784,554,609	42,892,085 337,543,235 - 377,183,140 377,183,140 714,726,375
Accounts payable and accrued charges Government of Jamaica project advances Total current liabilities NON-CURRENT LIABILITIES Long-term liability Deferred credit Total non-current liabilities Total liabilities EQUITY Share capital	12 13 14	73,714,276 425,418,984 17,832,092 341,303,533 359,135,625 784,554,609	42,892,085 337,543,235 - 377,183,140 377,183,140 714,726,375
Accounts payable and accrued charges Government of Jamaica project advances Total current liabilities NON-CURRENT LIABILITIES Long-term liability Deferred credit Total non-current liabilities Total liabilities EQUITY Share capital Capital reserve	12 13 14	73,714,276 425,418,984 17,832,092 341,303,533 359,135,625 784,554,609	

The financial statements on pages 3 to 37 were approved for issue by the Board of Directors on September 21, 2015 and signed on its behalf by:

Dr. Conrad Douglas

_Deputy Chairman

Chairman

Liniord Cooper

Statement of Profit or Loss and Other Comprehensive Income Year ended March 31, 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Operating revenue Water sales and drainage charges Government of Jamaica subsidy on behalf of farmers	17	605,755,612 629,449,695	482,821,714 501,721,242
		1,235,205,307	984,542,956
Cost of producing water and distributing it to farm gates		(<u>1,083,856,071</u>)	(<u>946,116,471</u>)
Gross operating surplus		151,349,236	38,426,485
Amortisation of deferred credit	14	38,224,432	41,800,944
Other income	18	15,942,237	18,200,753
Administration expenses	19	(_282,676,048)	(247,543,100)
Loss before finance costs and taxation		(77,160,143)	(149,114,918)
Finance costs	20	(14,010)	(24,536)
Loss before taxation		(77,174,153)	(149,139,454)
Taxation charge	21		(_41,745,731)
Loss for the year	22	(77,174,153)	(<u>190,885,185</u>)
Other comprehensive (loss)/income			
Item that will never be reclassified to profit or loss Re-measurement of employee benefit asset Deferred tax on re-measurement of employee	8	(2,202,000)	15,926,000
benefit asset			(_5,308,136)
Other comprehensive (loss)/income, net of tax		(2,202,000)	10,617,864
Total comprehensive loss for the year		\$(<u>79,376,153</u>)	(<u>180,267,321</u>)

Statement of Changes in Equity Year ended March 31, 2015

	Share capital (Note 15)	Capital reserve (Note 16)	Accumulated surplus/(deficit) Total
Balances at March 31, 2013			
As previously stated Impact of change in accounting policy	100	408,130,161	191,370,121 599,500,382 <u>28,034,704</u> <u>28,034,704</u>
Balances at March 31, 2013, as restated	<u>100</u>	408,130,161	<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, being total other comprehensive income	<u>-</u>		<u>10,617,864</u> <u>10,617,864</u>
Total comprehensive loss for the year			(180,267,321) (180,267,321)
Balances at March 31, 2014	<u>100</u>	408,130,161	39,137,504 447,267,765
Loss for the year	-	-	(77,174,153) (77,174,153)
Other comprehensive loss Re-measurement of employee benefit asset, net of deferred tax, being total other comprehensive loss	<u>-</u>	<u> </u>	(_2,202,000) (_2,202,000)
Total comprehensive loss for the year			(79,376,153) (79,376,153)
Balances at March 31, 2015	\$ <u>100</u>	408,130,161	(<u>40,238,649</u>) <u>367,891,612</u>

Statement of Cash Flows Year ended March 31, 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		(77 174 152)	(100 995 195)
Loss for the year Adjustments to reconcile loss for the year		(77,174,153)	(190,885,185)
to net cash provided/(used) by operating activities:			
Depreciation	10	44,880,717	48,744,405
Amortisation of intangible asset	9	1,304,968	1,304,966
Loss/(gain) on disposal of property, plant		9 9	<i>y y</i>
and equipment		18,333	(692,505)
Amortisation of deferred credit	14	(38,224,432)	(41,800,944)
Employee benefits		(4,513,000)	(6,893,000)
Taxation	21	-	41,745,731
Interest income		(695,659)	(1,924,495)
Foreign exchange gains on bank balances		(34,542)	(888,173)
		(74,437,768)	(151,289,200)
Decrease/(increase) in current assets			, , , , ,
Resale agreements		(325,660)	30,145,425
Accounts receivable		(3,640,597)	43,597,401
Inventories		(2,938,812)	(9,507,368)
Income tax recoverable		(109,025)	(464,461)
(Decrease)/increase in current liabilities			
Accounts payable and accrued charges		57,054,001	87,930,679
Government of Jamaica project advances		30,822,191	(<u>17,494,941</u>)
Net cash provided/(used) by operating activities		6,424,330	(17,082,465)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(31,563,232)	(56,224,412)
Proceeds from disposal of property, plant and equipment		795,000	2,646,556
Interest received		708,934	73,180
Long-term receivables			<u>253,714</u>
Net cash used by investing activities		(30,059,298)	(_53,250,962)
Cash flows from financing activities			
Long-term liability		17,832,092	-
Deferred credit	14	<u>2,344,825</u>	50,184,149
Net cash provided by financing activities		20,176,917	50,184,149
Net decrease in cash and cash equivalents		(3,458,051)	(20,149,278)
Cash and cash equivalents at beginning of the year		20,501,351	39,762,456
Effect of exchange rate fluctuations on cash held		34,542	888,173
Cash and cash equivalents at end of the year		\$ <u>17,077,842</u>	20,501,351

Notes to the Financial Statements Year ended March 31, 2015

1. <u>Identification</u>

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:

Except as indicated below 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.

The financial statements are not in compliance with IFRS in the following significant respect:

IAS 19, *Employee Benefits:* An actuarial valuation was not done at the reporting date, contrary to IAS 19 which requires post-employment benefits [see note 8(b)] to be actuarially valued. Consequently, there has been no recognition in the current year's financial statements of such amount of employee benefit obligation as might have been determined to be necessary had the required actuarial valuation been done.

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

Certain new, revised and amended standards and interpretations, which were issued, came into effect during the current financial year. The company has assessed them and has adopted those which are relevant to the financial statements, viz;

• IFRIC 21, Levies, which is effective for accounting periods beginning on or after January 1, 2014, provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It requires an entity to recognise a liability for a levy when and only when the triggering event specified in the legislation occurs. The company reviewed legislation which applies to them and determined that the adoption of the interpretation did not result in any change to amounts recognised or disclosed in these financial statements.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

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 approval of these financial statements, certain new, revised and amended standards and interpretations were in issue but were not yet effective and had not been early-adopted by the company. The company has assessed their relevance with respect to its operations and has concluded that the following may be relevant:

- 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 company 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 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.
 - 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 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.

The company is assessing the impact that these amendments to the standards will have on its 2016 financial statements.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

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 2012-2014 cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendment applicable to the company is as follows:
 - IFRS 7, Financial Instruments: Disclosures, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'. The company is assessing the impact this amendment will have on its 2017 financial statements.
- IAS 19, *Employee Benefits*, has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.
- Amendments to IAS 19, Defined Benefits Plans: Employee Contributions, effective for annual periods beginning on or after July 1, 2014, clarified the requirements that relate to how contributions from employees or third parties that are linked to services should be attributed to periods of services. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of services.

The company is assessing the impact that the amendment will have on its 2017 financial statements.

- Amendment to IAS 16 and IAS 38, Classification of Acceptable Methods of Depreciation and Amortisation are effective for accounting periods beginning on or after January 1, 2016.
 - (i) The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
 - (ii) The amendments to IAS 38, Intangible Assets introduce a rebuttal presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

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)

• Amendment to IAS 16 and IAS 38, Classification of Acceptable Methods of Depreciation and Amortisation (cont'd)

The company is assessing the impact that this amendment will have on its 2017 financial statements.

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 has been amended to clarify or state the following:
 - specific single disclosures that are not material do not have to be presented even if they are a minimum requirement of a standard;
 - the order of notes to the financial statements is not prescribed;
 - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
 - specific criteria is now provided for presenting sub-totals on the statement of financial position and in the statement of profit or loss and OCI with additional reconciliation requirements for the statement of profit or loss and OCI; and
 - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates are accounted for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be classified to profit or loss.

The company is assessing the impact that this amendment will have on its 2017 financial statements.

• IFRS 15, Revenue From Contracts With Customers, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers and SIC 31, Revenue – Barter Transactions Involving Advertising Services. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

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)

• IFRS 15, Revenue From Contracts With Customers (cont'd)

The company will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The company is assessing the impact that the standard will have on its 2019 financial statements.

• IFRS 9, Financial Instruments, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised. The company is assessing the impact the standard will have on the 2019 financial statements.

(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.

The preparation of the financial statements in accordance with IFRS assumes that the company will continue in operational existence for the foreseeable future. This means, in part, that the statements of profit or loss and other comprehensive income and financial position assume no intention or necessity to liquidate the company or curtail the scale of operations. This is commonly referred to as the going concern basis.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

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

(b) Basis of preparation (cont'd):

The company reported losses for the year of \$77,174,153 (2014: \$190,885,185), net current liabilities of \$179,165,269 (2014: \$93,691,020) and, as at March 31, 2015, has an accumulated deficit of \$40,238,649. This may cast doubt on the ability of the company to continue as a going concern. However, the company's management presented unaudited results as at July 31, 2015 which shows profit of \$110M. The company has plans to generate sufficient cash flow to meet liabilities, including:

- (i) Completion of major projects to earn additional revenue;
- (ii) The expectation that the company will continue to receive capital grants from Government of Jamaica and international agencies to fund on-going projects; and
- (iii) Reduction of administration expenses.

On the basis of the foregoing, the Board of Directors and management believe that preparation of the financial statements on the going concern basis continues to be appropriate.

(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.

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.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

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

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

Key sources of estimation uncertainty (cont'd)

Allowance for impairment losses

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.

3. <u>Significant accounting policies</u>

(a) Financial instruments:- classification, recognition and de-recognition, and measurement:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets have been determined to comprise cash, resale agreements, accounts receivable and long-term receivables. Financial liabilities comprise accounts payable and Government of Jamaica project advances.

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

(i) Classification of financial instruments

The company classifies non-derivative financial assets as *loans and receivables*. Management determines the appropriate classification of investments at the time of purchase. Securities acquired and loans granted with fixed or determinable payments and which are not quoted in an active market, are classified as loans and receivables.

The company classifies non-derivative financial liabilities into the other financial liabilities category.

(ii) Non-derivative financial assets and financial liabilities – recognition and derecognition

The company recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The company initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

3. Significant accounting policies (cont'd)

- (a) Financial instruments:- classification, recognition and de-recognition, and measurement (cont'd):
 - (iii) Non-derivative financial assets and financial liabilities recognition and derecognition

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers not retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the company is recognised as a separate asset or liability.

The company derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has the legal right to offset the amounts and intends either to settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

(iv) Non-derivative financial assets – measurement

Loans and receivables: On initial recognition loans and receivables are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses.

(b) 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. Cash and cash equivalents are measured at amortised cost.

(c) 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.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

3. Significant accounting policies (cont'd)

(c) Resale agreements (cont'd):

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.

(d) 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(h)].

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 with the exception of capital work-in-progress 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:

01/0/

Building and leasehold improvements	21/2%
Utility plant	2-3%
Furniture, fixtures and equipment	10% and 20%
Computer equipment	20%
Motor vehicles	20%

Motor vehicles 20%
Machinery and equipment 2½%

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

(e) 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.

(f) Inventories:

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

Notes to the Financial Statements (Continued) Year ended March 31, 2015

3. <u>Significant accounting policies (cont'd)</u>

(g) 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 pension; 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 and health care benefit 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.

(i) Defined benefit pension plan

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 recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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 profit or loss.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

3. Significant accounting policies (cont'd)

(g) Employee benefits (cont'd):

(ii) Post-retirement health care benefits

As of April 1, 2014, the company provides health care benefits to employees upon retirement. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for the defined-benefit pension plan and the present value of future benefits at the reporting date is shown as an obligation on the statement of financial position. As at March 31, 2015 actuarial valuation was not completed and the post – retirement health care benefits to pensioners was revoked on September 2, 2015 (see note 29).

(iii) 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. Remeasurements are recognised in profit or loss in the period in which they arise.

(iv) 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.

(h) 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.

(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.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

3. Significant accounting policies (cont'd)

(h) Impairment (cont'd):

(ii) Reversals of impairment (cont'd)

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.

(i) 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.

(k) 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 expenses as incurred.

(l) Accounts payable and accrued charges:

Accounts payable and accrued charges are stated at their cost.

(m) 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.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

3. Significant accounting policies (cont'd)

(n) 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.

(o) 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.

(p) Interest income and expense:

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

Notes to the Financial Statements (Continued) Year ended March 31, 2015

4. Cash

	<u>2015</u>	<u>2014</u>
Cash Bank balances	121,994 <u>16,955,848</u>	82,782 20,418,569
	\$17,077,842	20,501,351

5. Resale agreements

At the reporting date, the fair value of underlying securities used as collateral for resale agreements was \$9,135,198 (2014: \$9,247,794).

6. Accounts receivable

	<u>2015</u>	<u>2014</u>
Trade receivables for water sales and drainage charges		
[note 25(b)(ii)]	118,044,527	99,481,242
Staff loans	22,568,765	31,267,912
Other receivable	21,568,466	23,815,373
	162,181,758	154,564,527
Provision for probable losses	(<u>29,465,453</u>)	(<u>24,049,914</u>)
	\$ <u>132,716,305</u>	130,514,613

The aging of trade receivables at the reporting date was:

	20	2015		2014	
		Impairment		Impairment	
	<u>Gross</u>	allowance	<u>Gross</u>	<u>allowance</u>	
Not past due	47,019,893	818,958	46,595,699	1,117,983	
Past due 1-30 days	30,394,791	457,065	23,177,605	976,324	
Past due31-60 days	5,660,019	751,840	3,477,615	901,033	
Past due 61-90 days	1,884,842	543,126	2,075,750	486,328	
More than 90 days	33,084,982	<u>26,894,464</u>	<u>24,154,573</u>	<u>20,568,246</u>	
	\$ <u>118,044,527</u>	<u>29,465,453</u>	<u>99,481,242</u>	<u>24,049,914</u>	

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

	<u>2015</u>	<u>2014</u>
Balance as at April 1	24,049,914	26,726,392
Amounts written back	(3,627,035)	(6,443,913)
Provision recognised	9,042,574	3,767,435
Balance as at March 31	\$ <u>29,465,453</u>	<u>24,049,914</u>

Notes to the Financial Statements (Continued) Year ended March 31, 2015

7. Long-term receivables

	<u>2015</u>	<u>2014</u>
Refundable utility deposits Employee loans	2,575,379 26,731,917	2,575,379 25,306,729
Less: Current portion	29,307,296 (<u>11,720,109</u>)	27,882,108 (<u>11,470,288</u>)
	\$ <u>17,587,187</u>	<u>16,411,820</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 is 0%. The loans are measured at commercial bank interest rate and are secured by the respective motor vehicles [see note 25(b)(iii)] on which the loans are outstanding.

8. Employee benefit asset

The company sponsors a defined-benefit 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) Pension asset:

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

	<u>2015</u>	<u>2014</u>
Present value of funded obligations Fair value of plan assets		(767,662,000) <u>878,017,000</u>
Asset in the statement of financial position	\$ <u>112,666,000</u>	110,355,000

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

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	110,355,000	87,536,000
Contributions paid	18,532,000	18,070,000
Pension expense recognised in profit or loss Re-measurement recognised in other comprehensive	(14,019,000)	(11,177,000)
income	(_2,202,000)	15,926,000
Balance at end of year	\$ <u>112,666,000</u>	<u>110,355,000</u>

Notes to the Financial Statements (Continued) Year ended March 31, 2015

Employee benefit asset (cont'd) 8.

(a) Pension asset (cont'd):

-	(iii)	Movement in	the	nresent value	of	obligation
- 1	1111	TVIOVCIIICIIL III	uic	present value	OI.	oonganon.

(iii)	Mov	rement in the present value of obligation:		
` /			<u>2015</u>	<u>2014</u>
	Bala	nce at beginning of year	767,662,000	641,112,000
		ice costs	26,279,000	20,668,000
	Inter	rest on obligation	70,649,000	56,999,000
	Emp	loyees' contributions	19,738,000	18,557,000
		efits paid	(71,248,000)	(18,758,000)
		uities purchased	32,223,000	2,829,000
		parial (gains)/losses arising from:		
		hanges in demographic assumptions	-	82,341,000
		hanges in financial assumptions	-	52,523,000
	Е	xperience adjustments	12,292,000	(<u>88,609,000</u>)
	Bala	nce at end of year	\$ <u>857,595,000</u>	<u>767,662,000</u>
(iv)	(1)	Movement in fair value of pension plan assets:		
, ,		•	<u>2015</u>	<u>2014</u>
		Fair value of plan assets at beginning of year	878,017,000	764,757,000
		Employees' contributions	19,738,000	18,557,000
		Employer's contributions	18,532,000	18,070,000
		Interest income on plan assets	82,909,000	69,739,000
		Benefits paid	(71,248,000)	(18,758,000)
		Annuities purchased	32,223,000	2,829,000
		Actuarial gains arising from:		12 106 000
		Experience adjustment	-	13,186,000
		Change in demographic assumption	10 000 000	2,713,000 6,924,000
		Change in demographic assumption	10,090,000	0,924,000
		Fair value of plan assets at end of year	\$ <u>970,261,000</u>	<u>878,017,000</u>
	(2)	Plan assets consist of the following:		
			<u>2015</u>	<u>2014</u>
		International equity	64,865,000	7,769,000
		Global market funds	18,008,000	2,492,000
		Equity fund	132,357,000	191,686,000
		Fixed income fund	54,075,000	98,888,000
		Mortgage and real estate fund	156,423,000	93,786,000
		Money market fund	51,189,000	47,367,000
		Foreign currency fund Un invested contributions (lets denssit)	273,121,000	244,190,000
		Un-invested contributions (late deposit)	(7,108,000) 110,387,000	2,966,000 79,018,000
		Value of purchased annuities CPI indexed fund	116,944,000	109,855,000
		CI I mideacu fund		
			\$ <u>970,261,000</u>	<u>878,017,000</u>

Notes to the Financial Statements (Continued) Year ended March 31, 2015

8. Employee benefit asset (cont'd)

- (a) Pension asset (cont'd):
 - (v) Expense recognised in surplus:

(V)	Expense recognised in surplus:	<u>2015</u>	<u>2014</u>
	Current service costs Interest on obligation Interest income on plan assets Interest on effect of asset ceiling	26,279,000 70,649,000 (82,909,000)	20,668,000 56,999,000 (69,739,000) 3,249,000
	Net pension expense included in staff costs (note 23)	\$ <u>14,019,000</u>	<u>11,177,000</u>
(vi)	Amounts recognised in other comprehensive income:	<u>2015</u>	<u>2014</u>
	Experience adjustments Change in demographic assumptions Change in financial assumptions	12,292,000 (10,090,000) 	(141,153,000) 75,417,000 49,810,000 (<u>15,926,000</u>)

- (vii) As mortality continues to improve, estimates of life expectancy are expected to increase. The effect on the projected employee benefit asset of an increase of one year in the life expectancy is approximately \$14.82 million.
- (viii) Sensitivity analysis on projected employee benefit asset:

The calculation of the projected benefit asset is sensitive to the assumptions used. The table below summarizes how the projected employee 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.

	20	15	201	4
	1%	1%	1%	1%
	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>
Discount rate	144,624,000	(113,903,000)	131,682,000	(103,685,000)
Future salary increases	(55,129,000)	63,338,000	(50,922,000)	58,848,000
Future pension increases	<u>(67,751,000</u>)	<u>78,419,000</u>	(60,806,000)	70,396,000
	\$ <u>21,744,000</u>	27,854,000	19,954,000	25,559,000

4.0%

<u>4.0%</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued) Year ended March 31, 2015

8. Employee benefit asset (cont'd)

(a) Pension asset (cont'd):

(ix) Liability duration:

` /	•	<u>2015</u>	<u>2014</u>
	Active members and all participants	34 years	34 years
(x)	The principal actuarial assumptions (expressed as weighted follows:	averages)	used were as
		<u>2015</u>	<u>2014</u>
	Discount rate	9.5%	9.5%
	Future salary increases	6.0%	5.5%

(xi) The company expects to pay \$35,588,000 in contributions to the plan in 2015/2016 (2014/2015: \$37,548,000).

(b) Post-retirement medical benefit:

Future pension increases

Effective April 1, 2014 an offer was extended to pensioners to participate in the company's health insurance scheme. IFRS requires that the amount for post – employment benefits be actuarially-determined by a qualified independent actuary appointed by Management. As at March 31, 2015 an actuarial valuation was not completed. Consequently, the amounts which should have been recognised in these financial statements as the company's obligation and expense for the current year have not been determined and therefore not recognised. The offer was revoked subsequent to year end (see note 29).

9. Intangible asset

	Comput	Computer software		
	<u>2015</u>	<u>2014</u>		
Cost	13,049,961	13,049,961		
Amortisation At beginning of year Charge for the year	3,914,928 1,304,968	2,609,962 1,304,966		
At end of year	5,219,896	3,914,928		
Net book value	\$ <u>7,830,065</u>	9,135,033		

2014

2015

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Continued) Year ended March 31, 2015

10. Property, plant and equipment

	Building & leasehold improvements	Utility plant	Furniture, fixtures & equipment	Motor vehicles	Machinery and equipment	Capital work-in- progress	Total
Cost						 	
March 31, 2013 Additions Disposals	98,503,881 612,187	1,711,598,502	99,766,710 4,226,046 ————————————————————————————————————	31,580,285 - (<u>2,867,864</u>)	24,027,753 - (<u>2,931,076</u>)	18,575,058 51,386,179	1,984,052,189 56,224,412 (5,798,940)
March 31, 2014 Additions Disposals	99,116,068	1,711,598,502	103,992,756 7,450,377 (<u>759,298</u>)	28,712,421 - (<u>950,000</u>)	21,096,677	69,961,237 24,112,855	2,034,477,661 31,563,232 (<u>1,709,298</u>)
March 31, 2015	99,116,068	1,711,598,502	110,683,835	27,762,421	21,096,677	94,074,092	2,064,331,595
Depreciation							
March 31, 2013	17,275,274	1,101,260,069	67,082,514	17,174,821	4,545,395	-	1,207,338,073
Charge for the year	ar 2,349,093	32,352,772	9,432,419	4,015,884	594,237	-	48,744,405
Eliminated on disposals				(_2,867,864)	(977,025)		(3,844,889)
March 31, 2014	19,624,367	1,133,612,841	76,514,933	18,322,841	4,162,607	_	1,252,237,589
Charge for the year Eliminated on	ar 2,392,153	32,247,553	6,757,061	2,956,883	527,067	-	44,880,717
disposals			(484,298)	(411,667)			(895,965)
March 31, 2015	22,016,520	1,165,860,394	82,787,696	20,868,057	4,689,674		1,296,222,341
Net book values							
March 31, 2015	\$ <u>77,099,548</u>	<u>545,738,108</u>	27,896,139	<u>6,894,364</u>	<u>16,407,003</u>	94,074,092	<u>768,109,254</u>
March 31, 2014	\$ <u>79,491,701</u>	<u>577,985,661</u>	27,477,823	10,389,580	16,934,070	69,961,237	<u>782,240,072</u>
March 31, 2013	\$ <u>81,228,607</u>	610,338,433	32,684,196	<u>14,405,464</u>	<u>19,482,358</u>	<u>18,575,058</u>	<u>776,714,116</u>

- (i) Included in building and leasehold improvements are leasehold improvements with net book value of \$54,428,525 (2014: \$56,250,960).
- (ii) 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. Accounts payable and accrued charges

	<u>2015</u>	2014
Customer deposits	13,428,243	11,721,655
Trade payables	279,329,747	221,388,978
Accrued vacation leave (note 13)	20,080,899	44,816,594
Provision for litigation settlement	4,484,256	4,684,256
Other accruals	28,483,602	4,003,238
Other payables	5,897,961	8,036,429
	\$351,704,708	294,651,150

Notes to the Financial Statements (Continued) Year ended March 31, 2015

12. 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:

	<u>2015</u>	<u>2014</u>
National Irrigation Development Plan (NIDP)		
- Implementation (see below)	46,394,709	49,501,797
Miscellaneous capital projects	18,182,307	7,895,740
Rain Water Harvesting Project	(11,000)	(11,000)
GOJ Agricultural Productivity Projects	4,889,475	(18,753,237)
Fishing Beach Projects	4,258,785	4,258,785
	\$ <u>73,714,276</u>	42,892,085

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 company made direct payments to contractors from the IDB funds.

Long-term liability 13.

	<u>2015</u>	<u>2014</u>
Unused vacation leave	37,912,991	44,816,594
Current portion (see note 11)	(20,080,899)	(<u>44,816,594</u>)
	\$17,832,092	

14.

Deferred credit					
	Balance at March 31, 2013	Movement during the year	Balance at March 31, 2014	Movement during the year	Balance at March 31, 2015
Grant for acquisition of properly, plant		•			
and equipment (net of disposals)	256,495,179	25,485,010	281,980,189	12,518,704	294,498,893
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 Postioning 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 out of	40.555.050			(40.450.050)	22.400.240
GOJ project advances) (note 12)	<u> 18,575,058</u>	24,699,139	43,274,197	(<u>10,173,879</u>)	33,100,318
	1,091,498,628	50,184,149	1,141,682,777	2,344,825	1,144,027,602
Amortisation transferred to profit or loss	(_722,698,693)	(41,800,944)	(_764,499,637)	(38,224,432)	(_802,724,069)
	\$ <u>368,799,935</u>	8,383,205	<u>377,183,140</u>	(<u>35,879,607</u>)	<u>341,303,533</u>

Notes to the Financial Statements (Continued) Year ended March 31, 2015

14. <u>Deferred credit (cont'd)</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.

15. Share capital

	<u>2015</u>	<u>2014</u>
Authorised, issued and fully-paid:		
100 ordinary shares at no par value	\$ <u>100</u>	<u>100</u>

16. <u>Capital reserve</u>

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 \$721.4 million (2014: \$850.0 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, \$629.449 million (2014: \$501.7 million) was approved by Parliament and paid to the company.

18. Other income

<u>outer income</u>	<u>2015</u>	<u>2014</u>
Finance income:		
Investments and cash and cash equivalents	404,565	1,510,940
Other	291,094	413,555
Amortisation of interest on concessionary loans	3,068,784	3,227,576
Exchange gains	34,542	888,173
Service fees	2,980,241	2,837,520
Gain on disposal of property, plant and equipment	-	692,504
Miscellaneous	9,163,011	8,630,485
	\$ <u>15,942,237</u>	18,200,753

Notes to the Financial Statements (Continued) Year ended March 31, 2015

19. <u>Administrative expenses</u>

	<u>2015</u>	<u>2014</u>
Amortisation of intangible assets	1,304,968	1,304,966
Interest on concessionary loans	5,062,925	3,193,329
Advertising and public relations	3,084,007	3,347,302
Bank charges	379,265	326,640
Bad debts, net of recoveries	5,415,539	(2,676,478)
Directors' expenses	9,741,843	7,015,724
General Consumption Tax (GCT)	16,600,743	16,564
Insurance	1,061,462	481,851
Motor vehicle fuel, repairs and maintenance	4,977,007	4,319,087
Office maintenance	2,362,539	3,164,230
Computer expenses	4,132,138	4,457,159
Stationery	1,767,631	1,491,399
Telephone, postage, data, etc.	7,710,249	7,811,762
Refreshment	958,235	1,613,581
Subscription and donation	637,714	753,444
Other expenses	239,720	86,288
Office utilities	6,821,764	7,002,239
Professional fees	10,190,471	8,065,121
Salaries, wages and related costs	195,373,782	191,152,292
Security	2,089,170	2,112,990
Office expenses	246,727	229,708
Special projects expenses	2,499,816	2,273,902
Loss on disposal of property, plant and equipment	<u> 18,333</u>	
Total administration expenses	\$ <u>282,676,048</u>	<u>247,543,100</u>
Finance costs		
i manoc costs	<u>2015</u>	<u>2014</u>
Interest on bank overdraft	\$ <u>14,010</u>	<u>24,536</u>

21. <u>Taxation</u>

20.

(a) The provision for income tax is computed at 331/3% of the results for the year, as adjusted for tax purposes, and is made up as follows:

2015
2014

(i)	Current tax charge:	<u>2013</u>	<u> 2014</u>
(1)	Provision for charge on current year's profits	-	-
(ii)	Deferred tax:		
	Origination and reversal of temporary differences	=	9,019,492
	Tax losses		32,726,239
	Actual tax charge recognised	\$	41,745,731

Notes to the Financial Statements (Continued) Year ended March 31, 2015

21. Taxation (cont'd)

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

	<u>2015</u>	<u>2014</u>
Loss before taxation	\$(<u>77,174,153</u>)	(149,139,454)
Computed "expected" tax credit Tax effect of treating items differently for financial statements and tax reporting purposes -	(25,722,145)	(49,708,181)
Depreciation, amortisation and capital allowances Foreign exchange gain, capital Amortisation of deferred credits Expenses not allowed for tax purposes	10,680,105 (11,513) (12,740,203) 38,998	16,493,602 (296,028) (13,932,255) 47,444
Loss/(gain) on disposal of property, plant and equipment Interest on concessionary loans Effect of change in tax rates	6,111 (1,687,473)	(230,812) (11,415) 5,222,979
Tax losses Other Actual tax charge recognised	30,660,715 (<u>1,224,595</u>) \$	83,228,605 931,792 41,745,731

- (c) At March 31, 2015, taxation losses amounting to approximately \$363,000,000 (2014: \$136,209,000) 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 utilised in any one year is restricted to 50% of the current year's taxable profits.
- (d) Deferred tax asset of approximately \$104,976,000 (2014: \$90,676,600) 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.

22. Loss for the year

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Directors' emoluments [note 24(c)]:		
Fees	2,446,630	1,908,375
Travel	2,883,928	2,743,787
Auditors' remuneration	2,216,400	1,900,000
Depreciation	<u>44,880,717</u>	<u>48,744,405</u>

Notes to the Financial Statements (Continued) Year ended March 31, 2015

23. Employee numbers and costs

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

	<u>2015</u>	<u>2014</u>
Full-time	164	154
Part-time	18	13
Other	_12	_28
	<u>194</u>	<u>195</u>

The aggregate payroll costs for these persons were as follows:

	<u>2015</u>	<u>2014</u>
Salaries	372,508,717	359,024,655
Statutory payroll contributions	16,551,464	16,454,640
Pension benefit cost (net of contribution) [note 8(a)(v)]	14,019,000	11,177,000
Travel and subsistence	113,779,191	101,799,741
Gratuities	8,695,291	3,669,800
Training	4,643,295	4,371,542
Accrued vacation leave	(6,903,603)	(960,010)
Insurance scheme	29,683,657	28,045,772
Staff welfare	4,832,955	5,288,933
	\$ <u>557,809,967</u>	528,872,073

24. 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>2015</u>	<u>2014</u>
	\$	\$
Accounts receivable: Directors	1,024,347	182,554
Long-term receivables: Employee loans - key management personnel	<u>2,033,333</u>	3,275,000

Notes to the Financial Statements (Continued) Year ended March 31, 2015

24. 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:

	2015 \$	<u>2014</u> \$
Compensation paid to key management personnel:	*	•
Directors' emoluments (note 22)	5,330,558	4,652,162
Salaries to other key management personnel	26,831,283	27,414,083
Post-employment benefits	485,000	381,000
	<u>32,646,841</u>	<u>32,447,245</u>
Interest income from key management personnel	<u> 157,113</u>	616,379

25. Financial risk management

(a) Overview:

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.

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.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

25. Financial risk management (cont'd)

(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 and resale agreements 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 receivable

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.

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.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

25. Financial risk management (cont'd)

(b) Credit risk (cont'd):

(ii) Trade receivable (cont'd)

Exposure to credit risk

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

	Carrying	Carrying amount	
	<u>2015</u>	<u>2014</u>	
St. Thomas	1,468,809	584,663	
St. Catherine	65,024,112	55,661,404	
Clarendon	24,370,515	19,099,918	
St. Elizabeth	25,351,793	22,107,205	
Trelawny	1,403,164	1,681,415	
St. James	426,134	346,637	
	\$ <u>118,044,527</u>	99,481,242	

(iii) Long-term receivable

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.

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, 2015 was \$83,591,900 (2014: \$74,756,808).

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

(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.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

25. Financial risk management (cont'd)

(c) Liquidity risk (cont'd):

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>2015</u> US\$	<u>2014</u> US\$
Cash and cash equivalents	<u>5,319</u>	<u>4,268</u>

The average exchange rate for the US dollar in terms of Jamaica dollars, at March 31, 2015 was: US\$1.00 = J\$114.4883 (2014: J\$108.9943).

Sensitivity analysis

A 10% (2014: 15%) strengthening of the US\$ against the Jamaica dollar would have increased profit by \$60,896 (2014: \$69,778). A 1% (2014: 1%) weakening would have decreased profit by \$6,090 (2014: \$4,652). This analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis as for 2014.

(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.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

25. Financial risk management (cont'd)

(d) Market risk (cont'd):

(ii) Interest rate risk (cont'd)

Profile

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

	Carryi	Carrying amount	
	<u>2015</u>	<u>2014</u>	
Resale agreements	9,135,198	8,809,538	
Employee loans	<u>22,568,466</u>	31,267,912	
	\$ <u>31,703,664</u>	<u>40,077,450</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.

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; and
- risk mitigation, including insurance where this is effective.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

25. Financial risk management (cont'd)

(e) Operational risk (cont'd):

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.

26. 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.

Notes to the Financial Statements (Continued) Year ended March 31, 2015

27. 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 11) pending any claims.
- (iii) A claim was made against the company by an ex-employee. An amount of \$700,000 is included in accounts payable (note 11) 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. This matter was adjourned to August 13, 2015. No provision has been made in these financial statements.
- (v) A claim was made against the company by a customer in the amount of US68,000. The customer claims loss of earnings for crops due to damages to the land allegedly by NIC. The matter has not yet been heard. No provision has been made in the financial statements.

28. Capital commitments

Commitments for capital expenditure were as follows:

•		<u>2015</u>	<u>2014</u>
Capital commitments		\$ <u>1,130,238</u>	

29. Subsequent event

Effective September 2, 2015, the company revoked its offer or post-retirement health benefits to pensioners.



SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

Government of Jamaica Project Advances As at and for year ended March 31, 2015

	Phase 2	IDB Well Sites	Wind Monitoring Project	Wind Monitoring System	System	Ebony Park filtration	construction	pump station PGR nump house	Port Henderson re lift	Fishing Beach Projects	Agro Parks Project	System Project phase	Vernamfield Irrigation	Harvesung Project	Rain Water	Yallahs	Thetford	Kehabilitation	Second Sugar	Ext. Block E Pipeline	Era rehab infrastructure	Joint Venture- New	Other capital projects	 Implementation 	Development Plan	National Irrigation	Development Plan	National Irrigation	Lining of Canals	Hounslow	Construction of Dam	Colbeck	reservoirs	Construction of storage	Fabrication of gates and installation of mechanical devices	PROJECTS
\$ <u>2,909,251,283</u>	ystem	ı	roject -	ystem -		n		ı		ects 70,000,000		phase 1 65,700,000	ects 6,042,125	_		25,336,710	29,094,791	151,069,666		ne 2,639,774	cture		ts 229,444,544	448,435,563	n		n 1,655,125,231	,	191,655,055		m 14,143,538	578,305	1,200,220	age	; f ces 990,144	At beginning of year
ı.	 _{.4}		4.				2.	<u>, </u>		000		000	123	0/4		710	791	666		774	354			563			231		055	189	538	305	220		144	
39,674,339	4,400,000	485,000	4,228,704	800,000	1,090,000	,	2,000,000	1,670,635		•	1	•	•	•		1	•	•		•	•		25,000,000	•			1		•	•	•	•	•		1	Received during year
		•	ı	1			ı									•											ı								1	Transfer of project funds
2,948,925,622	4,400,000	485,000	4,228,704	800,000	1,090,000	,	2,000,000	1,670,635		70,000,000		65,700,000	6,042,123	12,896,074	12 00/ 07/	25,336,710	29,094,791	151,069,666		2,639,774	2,701,354		254,444,544	448,435,563			1,655,125,231	,	191,655,055	2,198,189	14,143,538	578,305	1,200,220		990,144	<u>Total</u>
(74,504,256)		,	(2,302,971)							, I ,	(29,405,135)	(17,753,766)					•	•					•				1	,	(24,992,384)		(50,000)					Capital work
$(\underline{510,689,855})$		•	•							ı						(24,394,104)	(29,070,822)	(149,302,023)		(2,547,798)			(186, 286, 661)				1	,	(103,899,711)	•	(14,022,668)				(966,068)	Expenditure capitalised
(232,851,150)		•	1	•						(65,741,215)	(2,236,614)	(38,499,812)	(8,006,974)	(12,907,074)	(12002021)	(942,606)	(23,969)	(1,36/,643)		•	(528,773)		(24,204,861)				1	,	(74,160,574)	(2.198.189)	(30,245)	(578,305)	(1,200,220)		(24,076)	Non-capital expenditure
(2,057,166,085)	1	•	•	1						ı	•	1	ı	•		ı		•		1	ı		- 43,953,022	(448,920,563)			(1,608,245,522) $46,879,709$ $49,986,797$				•	•	•			Capital 'B'
73,714,276	4,400,000	485,000	1,925,733	800,000	1,090,000	,	2,000,000	1,670,635		4,258,785 4,258,785	(31,641,749) (9,446,422	(1,964,849) ((11,000)	11 0000					91,976	2,172,581		43,953,022	(485,000)			46,879,709	,	(11,397,614) (11,397,614)		40,625				ı	<u>2015</u>
42,892,085		•	ı	•	1			•		4,258,785	31,641,749)	12,888,511	1,964,849)	11,000)	1 000	1				91,976	2,172,581		18,953,022	(485,000)			49,986,797	,	11,397,614)		40,625				ı	<u>2014</u>

Expenses Year ended March 31, 2015

	<u>2015</u>	<u>2014</u>
Cost of producing and distributing water to farm gates		
Depreciation Electricity Equipment hireage Fuel and lubricants General expenses General insurance Haulage Maintenance of conveyance system (labour) Motor vehicle fuel, repairs and maintenance Telephone, postage, data, etc. Office refreshments Stationery Computer expenses Bank charges	44,880,718 493,841,926 4,017,250 5,915,685 2,036,464 8,655,836 5,272,126 65,005,511 14,632,624 3,645,250 1,612,540 1,755,047 768,208 275,480	48,744,405 357,958,083 8,042,350 3,767,888 6,205,379 7,660,066 3,662,610 59,502,626 14,706,446 3,480,796 1,085,779 1,386,780 770,050 182,161
Regulatory fees Office rent and property taxes Office utilities Advisory committee fees and related expenses Professional fees Repairs to buildings, distribution canals, pipelines, pumps etc. (material) Salaries, wages and related costs (see below) Security Total cost of producing and distributing water	882,220 1,013,744 9,236,840 2,486,473 470,300 38,594,869 362,454,604 16,402,356 1,083,856,071	837,776 1,160,243 9,779,451 2,516,086 3,235,100 56,235,756 337,719,781 17,476,859 946,116,471
Administration expenses (note 19)	282,676,048	247,543,100
Finance costs Total expenses	14,010 \$1,366,546,129	24,536 1,193,684,107
Salaries, wages and related costs		
Personnel emoluments Insurance scheme Statutory contributions Staff welfare Accrued vacation leave Travel and subsistence Training	242,534,293 20,428,081 10,697,866 2,545,065 (4,379,315) 88,019,971 2,608,643 \$_362,454,604	223,893,528 19,077,256 10,563,907 3,165,513 700,376 76,955,634 3,363,567 337,719,781

Expenses (Cont'd)
Year ended March 31, 2015

Salaries, wages and related costs included in administrative expenses

Personnel emoluments	130,015,238	135,131,127
Pension benefit cost (net of contribution)	14,019,000	11,177,000
Insurance scheme	9,255,576	8,968,516
Statutory contributions	5,787,536	5,890,733
Vacation leave	(2,524,288)	(1,660,386)
Gratuities	8,695,291	3,669,800
Staff welfare	2,331,557	2,123,420
Training	2,034,652	1,007,975
Travel and subsistence	25,759,220	24,844,107
	\$ <u>195,373,782</u>	191,152,292