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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 38 which comprise the statement of financial position as at March 31, 2016, 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 qualified 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, in the prior year, extended health insurance coverage to its retirees which was revoked on September 2, 2015. An actuarial valuation of the post-employment benefits and the related costs of providing these benefits was not completed at March 31, 2015, nor on termination of the benefits at September 2, 2015, contrary to IAS 19, *Employee Benefits*, which requires an actuarial valuation of an entity's obligation in respect of post-employment at the reporting or termination 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 administration expenses, profit for the year and other comprehensive income, had the required actuarial valuation been performed.

Qualified Opinion

In our opinion, except for the effect of the matter described in the *Basis of Qualified Opinion* paragraph, the financial statements give a true and fair view of the financial position of the company as at March 31, 2016, 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

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

July 18, 2016

Statement of Financial Position March 31, 2016

| | <u>Notes</u> | <u>2016</u> | 2015 |
|--|--------------|--------------------------|--------------------------|
| CURRENT ASSETS | _ | | |
| Cash and cash equivalents | 4 | 81,351,963 | 17,077,842 |
| Investments | 5 | 20,285,504 | 9,135,198 |
| Accounts receivable | 6 7 | 155,566,430 | 132,716,305 |
| Current portion of long-term receivable Inventories | / | 14,419,650 70,744,822 | 11,720,109 66,669,536 |
| Income tax recoverable | | 9,019,995 | 8,934,725 |
| Total current assets | | 351,388,364 | 246,253,715 |
| Total carrent assets | | | |
| NON-CURRENT ASSETS | | | |
| Long-term receivable | 7 | 11,152,427 | 17,587,187 |
| Employee benefits asset | 8(a) | 153,790,000 | 112,666,000 |
| Intangible asset | 9 | 6,525,097 | 7,830,065 |
| Property, plant and equipment | 10 | 741,031,276 | 768,109,254 |
| Total non-current assets | | 912,498,800 | 906,192,506 |
| Total assets | | \$ <u>1,263,887,164</u> | 1,152,446,221 |
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued charges | 11 | 206,326,920 | 351,704,708 |
| Government of Jamaica project advances | 12 | 96,959,527 | 73,714,276 |
| Taxation | | 39,738,616 | |
| Total current liabilities | | _343,025,063 | 425,418,984 |
| | | | |
| NON-CURRENT LIABILITIES | 4.0 | 1 2 1 1 2 1 7 | 15.022.002 |
| Long-term liability | 13 | 1,244,845 | 17,832,092 |
| Deferred credit | 14 | 305,281,934 | 341,303,533 |
| Total non-current liabilities | | 306,526,779 | 359,135,625 |
| Total liabilities | | 649,551,842 | 784,554,609 |
| EQUITY | | | |
| Share capital | 15 | 100 | 100 |
| Capital reserve | 16 | 408,130,161 | 408,130,161 |
| Investment revaluation reserve | 17 | 40,585 | = |
| Accumulated surplus/(deficit) | | 206,164,476 | (40,238,649) |
| Total equity | | 614,335,322 | 367,891,612 |
| Total liabilities and equity | | \$ <u>1,263,887,164</u> | 1,152,446,221 |

The financial statements on pages 3 to 38 were approved for issue by the Board of Directors on July 18, 2016 and signed on its behalf by:

Senator Aubyn Hill

Director

Chairman

Robert Martin

Statement of Profit or Loss and Other Comprehensive Income Year ended March 31, 2016

| | <u>Notes</u> | <u>2016</u> | <u>2015</u> |
|--|--------------|----------------------------|----------------------------|
| Operating revenue Water sales and drainage charges Government of Jamaica subsidy on behalf of farmers | 18 | 648,040,308 853,621,723 | 605,755,612 629,449,695 |
| | | 1,501,662,031 | 1,235,205,307 |
| Cost of producing water and distributing it to farm gates | | (1,018,258,937) | (<u>1,083,856,071</u>) |
| Gross operating surplus | | 483,403,094 | 151,349,236 |
| Amortisation of deferred credit | 14 | 36,021,599 | 38,224,432 |
| Other income | 20 | 10,888,022 | 15,942,237 |
| Administration expenses | 19 | (_283,223,552) | (_282,676,048) |
| Profit/(loss) before finance costs and taxation | | 247,089,163 | (77,160,143) |
| Finance costs | 21 | (22,422) | (14,010) |
| Profit/(loss) before taxation | | 247,066,741 | (77,174,153) |
| Taxation charge | 22 | (<u>39,738,616</u>) | |
| Profit/(loss)for the year | 23 | 207,328,125 | (77,174,153) |
| Other comprehensive income/(loss) | | | |
| Items that will never be reclassified to profit or loss Remeasurement of employee benefits asset Items that are or may be reclassified subsequently to profit or loss Increase in the fair value of available-for-sale | 8(a)(vi) | 39,075,000 | (2,202,000) |
| investments | | 40,585 | |
| Total other comprehensive income | | 39,115,585 | (2,202,000) |
| Total comprehensive income/(loss) for the year | | \$ <u>246,443,710</u> | (79,376,153) |

Statement of Changes in Equity Year ended March 31, 2016

| | Share <u>capital</u> (Note 15) | Capital reserve (Note 16) | Investment revaluation reserve | Accumulated surplus/(deficit) | <u>Total</u> |
|---|--------------------------------|---------------------------|--------------------------------|-------------------------------|-----------------------------|
| 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 Remeasurement of employee benefits asset, being total other comprehensive loss | _ | _ | _ | (_2,202,000) | (_2,202,000) |
| Total comprehensive loss for the year | _ | | | (79,376,153) | (<u>79,376,153</u>) |
| Balances at March 31, 2015 | 100 | 408,130,161 | | (40,238,649) | <u>367,891,612</u> |
| Profit for the year | <u>-</u> | | <u>-</u> | 207,328,125 | 207,328,125 |
| Other comprehensive income Remeasurement of employee benefits asset Increase in fair value of available-for- sale investments | - - | - | - 40,585 | 39,075,000 | 39,075,000 <u>40,585</u> |
| Total other comprehensive income | | | 40,585 | _39,075,000 | 39,115,585 |
| Total comprehensive income for the year | r <u>-</u> | | 40,585 | 246,403,125 | 246,443,710 |
| Balances at March 31, 2016 | \$ <u>100</u> | 408,130,161 | 40,585 | 206,164,476 | 614,335,322 |

Statement of Cash Flows Year ended March 31, 2016

| | Notes | <u>2016</u> | <u>2015</u> |
|---|--------|--------------------------------|------------------------------|
| Cash flows from operating activities Profit/(loss) for the year | | 207,328,125 | (77,174,153) |
| Adjustments to reconcile profit/(loss) for the year | | 207,326,123 | (77,174,133) |
| to net cash provided by operating activities: | | | |
| Depreciation | 10 | 42,567,778 | 44,880,717 |
| Amortisation of intangible asset | 9 | 1,304,968 | 1,304,968 |
| Asset written off | 10 | 7,159,751 | - |
| Loss on disposal of property, plant | | | |
| and equipment | | 8,584 | 18,333 |
| Amortisation of deferred credit | 14 | (36,021,599) | (38,224,432) |
| Employee benefits Taxation | 22 | (2,049,000) 39,738,616 | (4,513,000) |
| Interest income | 22 | (630,000) | (695,659) |
| Foreign exchange gains on bank balances | | (36,580) | (34,542) |
| 1 oreign exchange gams on bank barances | | , | |
| D (4) | | 259,370,643 | (74,437,768) |
| Decrease/(increase) in current assets | | (11 100 721) | (225.660) |
| Investments Accounts receivable | | (11,109,721) (19,108,464) | (325,660) |
| Inventories | | (4,075,286) | (3,640,597) (2,938,812) |
| Income tax recoverable | | (85,270) | (2,938,812) (109,025) |
| meome an recoverable | | (03,210) | (105,025) |
| (Decrease)/increase in current liabilities | | | |
| Accounts payable and accrued charges | | (145, 377, 788) | 57,054,001 |
| Government of Jamaica project advances | | 23,245,251 | 30,822,191 |
| Net cash provided by operating activities | | 102,859,365 | _6,424,330 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 10 | (22,658,135) | (31,563,232) |
| Proceeds from disposal of property, plant and equipm | | - | 795,000 |
| Interest received | | 623,558 | 708,934 |
| Net cash used by investing activities | | (22,034,577) | (30,059,298) |
| ivet easif used by investing activities | | (_22,034,377) | (30,039,298) |
| Cash flows from financing activities | | | |
| Long-term liability | | (16,587,247) | 17,832,092 |
| Deferred credit | 14 | <u> </u> | 2,344,825 |
| Net cash (used)/provided by financing acti | vities | (16,587,247) | 20,176,917 |
| Net increase/(decrease) in cash and cash equivalents | | 64,237,541 | (3,458,051) |
| Effect of exchange rate fluctuations on cash held | | 36,580 | 34,542 |
| Cash and cash equivalents at beginning of the year | | 17,077,842 | 20,501,351 |
| Cash and cash equivalents at end of the year | | \$ <u>81,351,963</u> | 17,077,842 |

Notes to the Financial Statements Year ended March 31, 2016

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 Forest 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*: No actuarial valuation was conducted in the prior year nor on revocation of the health insurance scheme to its retirees on September 2, 2015, contrary to IAS 19 which requires post-employment benefits to be actuarially valued [see note 8(b)]. Consequently, there has been no recognition or disclosures in the current year's financial statements of such amounts, 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;

Notes to the Financial Statements (Continued) Year ended March 31, 2016

- 2. <u>Statement of compliance and basis of preparation (continued)</u>
 - (a) Statement of compliance (continued):

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

- Improvements to IFRS 2010-2012 and 2011-2013 cycles contain amendments to certain standards and interpretations. 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.
 - Amendments to IAS 19, *Defined Benefits Plans: Employee Contributions*, clarify 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 adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

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

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 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 amendments 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'.
 - 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.

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

- Amendments 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.

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

Notes to the Financial Statements (Continued) Year ended March 31, 2016

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

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

- 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 these amendments will have on its 2017 financial statements.

• Amendments to IAS 7, Statement of Cash Flows, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

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

- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:
 - The existence of deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
 - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
 - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
 - amount if there is sufficient evidence that it is probable that the entity will achieve this.
 - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

- 2. Statement of compliance and basis of preparation (continued)
 - (a) Statement of compliance (continued):

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

- Amendments to IAS 12, *Income Taxes (continued)*
 - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

The company is assessing the impact that these amendments will have on its 2018 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.

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 his standards will have on its 2019 financial statements.

• IFRS 9, Financial Instruments, which is effective for annual reporting periods beginning on or after January 1, 2019, 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.

- 2. Statement of compliance and basis of preparation (continued)
 - (a) Statement of compliance (continued):

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

• IFRS 9, Financial Instruments, (continued)

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 that these amendments will have on its 2017 financial statements.

• IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17, Lease Accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 19, Operating Lease Accounting.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

The company is assessing the impact that the standards will have on its 2020 financial statements.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis except for available-for-sale investments carried at fair value 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, 2016

2. Statement of compliance and basis of preparation (continued)

(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.

• 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.

• Determination of fair value of investments

When determining the fair value of investments, the company uses valuation techniques that maximise the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a unit.

3. Significant accounting policies

(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.

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.

3. Significant accounting policies (continued)

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

Investments consist of resale agreements and units held in NCB Capital Markets CAPFunds.

(i) 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.

- (ii) Units held in NCB Markets CAPFunds are classified as available-for-sale and are carried at fair value. Changes in the fair value are included in the investment revaluation reserve.
- (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.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

3. Significant accounting policies (continued)

(d) Property, plant and equipment and depreciation (continued):

(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:

| Building and leasehold improvements | $2\frac{1}{2}\%$ |
|-------------------------------------|------------------|
| Utility plant | 2-3% |
| Furniture, fixtures and equipment | 10% and 20% |
| Computer equipment | 20% |
| Motor valida | 200/ |

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.

(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.

3. Significant accounting policies (continued)

(g) Employee benefits (continued):

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.

(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. An actuarial valuation was not completed as at March 31, 2015 nor on September 2, 2015, when the post – retirement health care benefits to pensioners was revoked.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

3. Significant accounting policies (continued)

(g) Employee benefits (continued):

(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.

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.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

3. Significant accounting policies (continued)

(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 measured at their cost, less impairment losses.

(k) Intangible asset:

Intangible asset, which represents computer software costs, is measured 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.

(1) Accounts payable and accrued charges:

Accounts payable and accrued charges are measured 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.

(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.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

3. Significant accounting policies (continued)

- (n) Related parties (continued):
 - (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).
 - viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

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, 2016

| 4. Cash and cash equivalents | ł. C | ash an | d cash ec | quivalents |
|------------------------------|------|--------|-----------|------------|
|------------------------------|------|--------|-----------|------------|

| 4. | Cash and cash equivalents | <u>2016</u> | <u>2015</u> |
|----|--|------------------------------|-----------------------|
| | Cash Bank balances | 109,315 <u>81,242,648</u> | 121,994 16,955,848 |
| | | \$ <u>81,351,963</u> | 17,077,842 |
| 5. | <u>Investments</u> | <u>2016</u> | <u>2015</u> |
| | Loans and receivables Resale agreements Available-for-sale carried at fair value | 18,993,939 | 9,135,198 |
| | Units held in NCB Capital Markets CAPFunds | 1,291,565 | |
| | | \$ <u>20,285,504</u> | <u>9,135,198</u> |

At the reporting date, the fair value of underlying securities used as collateral for resale agreements was \$19,967,903 (2015: \$9,135,198).

6. Accounts receivable

| | <u>2016</u> | <u>2015</u> |
|--|-----------------------|--------------|
| Trade receivables for water sales and drainage charges | | |
| [note 26(b)(ii)] | 148,901,675 | 118,044,527 |
| Staff loans | 22,563,266 | 22,568,765 |
| Other receivable | 24,729,871 | 21,568,466 |
| | 196,194,812 | 162,181,758 |
| Provision for probable losses | (40,628,382) | (29,465,453) |
| | \$ <u>155,566,430</u> | 132,716,305 |

The aging of trade receivables at the reporting date was:

| | 20 | 16 | 2 | 2015 |
|--|--------------------------|-----------------------------|--------------------------|-----------------------------|
| | Gross | Impairment <u>allowance</u> | Gross | Impairment <u>allowance</u> |
| Not past due Past due 1-30 days | 48,295,511 34,235,945 | 67,149 | 47,019,893 30,394,791 | 818,958 457,065 |
| Past due31-60 days | 16,649,149 | 72,260 312,454 | 5,660,019 | 751,840 |
| Past due 61-90 days More than 90 days | 4,520,425 45,200,645 | 152,296 40,024,223 | 1,884,842 33,084,982 | 543,126 26,894,464 |
| | \$ <u>148,901,675</u> | 40,628,382 | 118,044,527 | 29,465,453 |

Notes to the Financial Statements (Continued) Year ended March 31, 2016

6. Accounts receivable (continued)

The aging of trade receivables at the reporting date was (continued):

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

| | as follows. | <u>2016</u> | <u>2015</u> |
|----|---|---|--|
| | Balance as at April 1 Amounts written back Provision recognised | 29,465,453 (14,147,902) <u>25,310,831</u> | 24,049,914 (3,627,035) <u>9,042,574</u> |
| | Balance as at March 31 | \$ <u>40,628,382</u> | <u>29,465,453</u> |
| 7. | Long-term receivables | <u>2016</u> | <u>2015</u> |
| | Refundable utility deposits Employee loans | 2,575,379 22,996,698 | 2,575,379 26,731,917 |
| | Less: Current portion | 25,572,077 (<u>14,419,650</u>) | 29,307,296 (<u>11,720,109</u>) |
| | | \$ <u>11,152,427</u> | <u>17,587,187</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 26(b)(iii)] on which the loans are outstanding.

8. Employee benefits 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>2016</u> | <u>2015</u> |
|--|--|-------------------------------------|
| Present value of funded obligation Fair value of plan assets | (980,933,000) <u>1,134,723,000</u> | (857,595,000) <u>970,261,000</u> |
| Asset in the statement of financial position | \$ <u>153,790,000</u> | 112,666,000 |

8. Employee benefits asset (continued)

(a) Pension asset (continued):

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

| | | | | <u>2016</u> | <u>2015</u> |
|-------|--|---|---------|--|---|
| | Control Pensis | nce at beginning of year ributions paid ion expense recognised in profit or loss easurement recognised in other comprehensive | (| 112,666,000 17,443,000 15,394,000) | 110,355,000 18,532,000 (14,019,000) |
| | | ome | _ | 39,075,000 | (_2,202,000) |
| | Balai | nce at end of year | \$_ | 153,790,000 | <u>112,666,000</u> |
| (iii) | Move | ement in the present value of obligation: | | <u>2016</u> | <u>2015</u> |
| | Servi Interes Empl Bene Annu | nce at beginning of year ce costs est on obligation loyees' contributions fits paid uities purchased arial (gains)/losses arising from: | (| 857,595,000 27,773,000 79,814,000 18,656,000 35,708,000) | 767,662,000 26,279,000 70,649,000 19,738,000 (71,248,000) 32,223,000 |
| | Cl | hanges in financial assumptions | | 68,774,000 | - |
| | Ez | xperience adjustments | (_ | 35,971,000) | 12,292,000 |
| | Balaı | nce at end of year | \$_ | 980,933,000 | 857,595,000 |
| (iv) | (1) | Movement in fair value of plan assets: | | <u>2016</u> | <u>2015</u> |
| | | Fair value of plan assets at beginning of year Employees' contributions Employer's contributions Interest income on plan assets Benefits paid Annuities purchased Actuarial gains arising from: Change in financial assumptions Experience adjustments Fair value of plan assets at end of year | (- \$1 | 970,261,000 18,656,000 17,443,000 92,193,000 35,708,000) - 4,003,000 67,875,000 ,134,723,000 | 878,017,000 19,738,000 18,532,000 82,909,000 (71,248,000) 32,223,000 - 10,090,000 970,261,000 |
| | | r J •••• | 7= | , ., , v | , , - 0 0 |

8. Employee benefits asset (continued)

- Pension asset (continued): (a)
 - (iv) (Continued)

| | (2) | Plan assets consist of the following: | | |
|------|---------|---|-------------------------|-----------------------|
| | ` / | Ç | <u>2016</u> | <u>2015</u> |
| | | International equity fund | 67,150,000 | 64,865,000 |
| | | Global markets fund | 24,697,000 | 18,008,000 |
| | | Equity fund | 204,207,000 | 132,357,000 |
| | | Fixed income fund | 41,841,000 | 54,075,000 |
| | | Mortgage and real estate fund | 220,331,000 | 156,423,000 |
| | | Money market fund | 54,700,000 | 51,189,000 |
| | | Foreign currency fund | 281,052,000 | 273,121,000 |
| | | Un-invested contributions (late deposit) | 2,776,000 | (7,108,000) |
| | | Value of purchased annuities | 111,424,000 | 110,387,000 |
| | | CPI indexed fund | 126,545,000 | <u>116,944,000</u> |
| () | E | | \$ <u>1,134,723,000</u> | 970,261,000 |
| (v) | Expe | ense recognised in profit/(loss): | <u>2016</u> | <u>2015</u> |
| | Curre | ent service costs | 27,773,000 | 26,279,000 |
| | Inter | est on obligation | 79,814,000 | 70,649,000 |
| | Inter | est income on plan assets | (<u>92,193,000</u>) | (<u>82,909,000</u>) |
| | Net p | pension expense included in staff costs (note 24) | \$ <u>15,394,000</u> | 14,019,000 |
| (vi) | Amo | unts recognised in other comprehensive income: | | |
| (*1) | 7 Killo | unto recognised in outer comprehensive income. | <u>2016</u> | <u>2015</u> |
| | | rience adjustments | (103,846,000) | 12,292,000 |
| | | ige in demographic assumptions | - | (10,090,000) |
| | Chan | ge in financial assumptions | 64,771,000 | |
| | | | \$(<u>39,075,000</u>) | 2,202,000 |

- (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 \$15.78 million.
- (viii) Sensitivity analysis on projected employee benefits asset:

The calculation of the projected benefits 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.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

8. Employee benefits asset (continued)

(a) Pension asset (continued):

(viii) Sensitivity analysis on projected employee benefit asset (continued):

| | | 20 | 2016 | | 5 |
|-------|---------------------------------|----------------------|-------------------|-----------------------|-----------------|
| | | 1% | 1% | 1% | 1% |
| | | <u>Decrease</u> | <u>Increase</u> | <u>Decrease</u> | <u>Increase</u> |
| | | | | | |
| | Discount rate | 157,479,000 | (122,322,000) | 144,624,000 | (113,903,000) |
| | Future salary increases | (57,326,000) | 65,736,000 | (55,129,000) | 63,338,000 |
| | Future pension increases | (82,290,000) | 95,464,000 | (<u>67,751,000</u>) | 78,419,000 |
| | | \$ <u>17,863,000</u> | 38,878,000 | 21,744,000 | 27,854,000 |
| (ix) | Liability duration: | | | | |
| (121) | Diagnity duration. | | | <u>2016</u> | 2015 |
| | | | | | |
| | Active members and al | l participants | | 32 years | 34 years |
| (x) | The principal actuaria follows: | l assumptions (e | expressed as weig | ghted averages) | used were as |
| | | | | <u>2016</u> | <u>2015</u> |
| | Discount rate | | | 9.0% | 9.5% |
| | Future salary increases | | | 5.5% | 6.0% |
| | Future pension increase | | | 4.0% | 4.0% |

(xi) The company expects to pay \$34,133,000 in contributions to the plan in 2016/2017 (2015/2016: \$35,588,000).

(b) Post-retirement medical benefit:

In the prior year, an offer was extended to pensioners to participate in the company's health insurance scheme which was revoked on September 2, 2015. IFRS requires that the amount for post – employment benefits be actuarially-determined by a qualified independent actuary appointed by Management. An actuarial valuation was not completed as at March 31, 2015 nor on termination of the plan and the IAS 19 disclosure requirements have not been met.

9. <u>Intangible asset</u>

| | Compute | er software |
|---|------------------------|------------------------|
| | <u>2016</u> | <u>2015</u> |
| Cost | 13,049,961 | 13,049,961 |
| Amortisation At beginning of year Charge for the year | 5,219,896 1,304,968 | 3,914,928 1,304,968 |
| At end of year | 6,524,864 | 5,219,896 |
| Net book value | \$ <u>6,525,097</u> | <u>7,830,065</u> |

Notes to the Financial Statements (Continued) Year ended March 31, 2016

10. Property, plant and equipment

| | Building & leasehold improvements | Utility <u>plant</u> | Furniture, fixtures & equipment | Motor vehicles | Machinery and equipment | Capital work-in- progress | <u>Total</u> |
|---|--|--------------------------------------|--|---------------------------------------|-------------------------------|---|--|
| Cost 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 Additions Disposals Reclassification Written off | 99,116,068 948,500 - 4,041,735 | 1,711,598,502 9,490,455 - - | 110,683,835 5,891,145 (142,568) | 27,762,421 - - - - - | 21,096,677 | 94,074,092 6,328,035 - (4,041,735 (7,159,751) | 2,064,331,595 22,658,135 (142,568) - (7,159,751) |
| March 31, 2016 | 104,106,303 | <u>1,721,088,957</u> | 116,432,412 | 27,762,421 | 21,096,677 | 89,200,641 | 2,079,687,411 |
| Depreciation March 31, 2014 Charge for the year Eliminated on | 19,624,367 2,392,153 | 1,133,612,841 32,247,553 | 76,514,933 6,757,061 | 18,322,841 2,956,883 | 4,162,607 527,067 | - | 1,252,237,589 44,880,717 |
| disposals | | | (484,298) | (411,667) | | | (895,965) |
| March 31, 2015 Charge for the year Eliminated on disposals | 22,016,520 2,468,778 | 1,165,860,394 29,654,496 | 82,787,696 6,960,554 (133,984) | 20,868,057 2,956,883 | 4,689,674 527,067 | - | 1,296,222,341 42,567,778 (133,984) |
| March 31, 2016 | 24,485,298 | 1,195,514,890 | 89,614,266 | 23,824,940 | 5,216,741 | | 1,338,656,135 |
| Net book values March 31, 2016 March 31, 2015 | \$ <u>79,621,005</u> \$ <u>77,099,548</u> | 525,574,067 545,738,108 | 26,818,146 27,896,139 | 3,937,481 6,894,364 | 15,879,936 16,407,003 | 89,200,641 94,074,092 | 741,031,276 768,109,254 |
| March 31, 2014 | \$ 79,491,701 | 577,985,661 | 27,477,823 | 10,389,580 | 16,934,070 | 69,961,237 | 782,240,072 |

- (i) Included in building and leasehold improvements are leasehold improvements with net book value of \$52,606,089 (2015: \$54,428,525).
- (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.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

11. Accounts payable and accrued charges

| | <u>2016</u> | <u>2015</u> |
|-------------------------------------|---------------|-------------|
| Customer deposits | 15,342,140 | 13,428,243 |
| Trade payables | 106,043,295 | 279,329,747 |
| Accrued vacation leave (note 13) | 34,706,204 | 20,080,899 |
| Provision for litigation settlement | 3,811,228 | 4,484,256 |
| Other accruals | 25,693,632 | 28,483,602 |
| Other payables | 20,730,421 | 5,897,961 |
| | \$206,326,920 | 351,704,708 |

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:

| | \mathcal{O} 1 \mathcal{O} | 2016 | 2015 |
|----------------------------------|-------------------------------|----------------------|------------|
| National Irrigation Developm | nent Plan (NIDP) | | |
| - Implementation (see be | elow) | 42,705,225 | 46,394,709 |
| Miscellaneous capital project | ts | 11,842,453 | 18,182,307 |
| Rain Water Harvesting Projection | ct | (11,000) | (11,000) |
| GOJ Agricultural Productivit | y Projects | 38,164,064 | 4,889,475 |
| Fishing Beach Projects | | 4,258,785 | 4,258,785 |
| | | \$ <u>96,959,527</u> | 73,714,276 |
| | | | |
| Long-term liability | | | |

13.

| <u>====g</u> | <u>2016</u> | <u>2015</u> |
|--|-------------------------------------|-------------------------------------|
| Unused vacation leave Current portion (see note 11) | 35,951,049 (<u>34,706,204</u>) | 37,912,991 (<u>20,080,899</u>) |
| | \$ <u>1,244,845</u> | <u>17,832,092</u> |

Notes to the Financial Statements (Continued) Year ended March 31, 2016

14. <u>Deferred credit</u>

| State Care and treating to properly, plant and equipment (net of disposals) 281,980,189 12,518,704 294,498,893 - 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 transferred from NIDP Project Property, plant and equipment transferred to move that utility plant adequipment transferred to move the transferred from NIDP Project Property, plant and equipment, other than utility plant, gifted by district irrigation authorities 3,520,295 - 3,5 | | Balance at March 31, 2014 | Movement during the year | Balance at March 31, 2015 | Movement during the year | Balance at March 31, 2016 |
|--|--|---------------------------------|---------------------------------------|---------------------------------|--------------------------|---------------------------|
| Property, plant and equipment gifted by Agro 21 Corp., net, in 1991 1,198,152 - 1,198,152 - 1,198,152 - 1,198,152 - 1,203,061 - | | | | | | |
| Property, plant and equipment gifed by Ministry of Agriculture 1,203,061 - 1,203 | | 281,980,189 | 12,518,704 | 294,498,893 | - | 294,498,893 |
| Property, plant and equipment gifted by Ministry of Agriculture 1,203,061 - 1,20 | | 1 100 153 | | 1 100 152 | | 1 100 152 |
| Property, plant and equipment transferred from NIDP Project property, plant and equipment transferred from NIDP Project transferred from NIDP Project property, plant and equipment, other than utility plant gifted by district irrigation authorities and transferred to profit or loss 141,941,917 - | | 1,198,152 | - | 1,198,132 | - | 1,198,152 |
| Property, plant and equipment transferred from NIDP Project transferred to profit or loss of GOJ project advances) (note 12) 1,896,725 - 1,896,725 - 1,896,725 - 3,520,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,230,295 - 3,2 | | 1 203 061 | _ | 1 203 061 | _ | 1 203 061 |
| transferred from NIDP Project 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 1,896,725 - 3,520,295 - <t< td=""><td></td><td>1,203,001</td><td>-</td><td>1,203,001</td><td>-</td><td>1,203,001</td></t<> | | 1,203,001 | - | 1,203,001 | - | 1,203,001 |
| Property, plant and equipment, other than utility plant, gifted by district irrigation authorities 3,520,295 - 3,520,295 - 3,520,295 | | 1 896 725 | _ | 1 896 725 | _ | 1 896 725 |
| than utility plant, gifted by district irrigation authorities | | 1,070,725 | | 1,000,725 | | 1,000,723 |
| Trigation authorities 3,520,295 - 3,52 | | | | | | |
| 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 - 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 Expenditure on contracts-in-progress (net of amounts expensed out of GOJ project advances) (note 12) 43,274,197 (10,173,879) 33,100,318 - 33,100,318 - 33,100,318 - 1,144,027,602 - 1,144,027,602 Amortisation transferred to profit or loss (764,499,637) (38,224,432) (802,724,069) (36,021,599) (838,745,668) | | 3.520.295 | _ | 3,520,295 | _ | 3,520,295 |
| project and utility plant of previously unrecorded irrigation authorities capitalised during 1991 | | -,, | | -,, | | -,, |
| authorities capitalised during 1991 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 191,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 12,33,211 - 1,233,211 - 1,233,211 - 1,233,211 - 1,233,211 - 1,233,211 - 1,14,993,367 - 41,993,367 - 41,993,367 - 41,993,367 - 854,623 - 854,367 - 854,367 <th< td=""><td></td><td></td><td></td><td></td><td></td><td></td></th<> | | | | | | |
| during 1991 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 141,941,917 - 151,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 591,096,098 - 41,293,321 - 41,993,367 - 41,993,367 - 41,993,367 - 41,993,367 - 854,367 - 854,367 - 854,367 - 854,367 - 854,367 - 854,367 - 2,945,0 | unrecorded irrigation | | | | | |
| Utility plant acquired out of project funds Revaluation surplus on inventories Revaluation surplus on inventories 1,233,211 - 1,233,211 - 1,233,211 Irrigation pipes gifted by Chinese Government Computers funded by the NIDP Project Global Postioning System (GPS) units funded by the NIDP Project Motor vehicle acquired out of NIDP project funds Motor vehicle gifted by the Ministry of Agriculture and Fisheries Customer Relationship Management System (CRMS) funded by the NIDP Expenditure on contracts-in-progress (net of amounts expensed out of GOJ project advances) (note 12) Amortisation transferred to profit or loss 591,096,098 - 591,096,098 - 1,233,211 - 1,233,21 - 2,245,020 - 2,945,000 - 950,000 - 950,000 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - | | | | | | |
| 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 - 41,993,367 - 41,993,367 - 14,546,237 | | 141,941,917 | - | 141,941,917 | - | 141,941,917 |
| 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 Global Postioning System (GPS) units funded by the NIDP Project funds Motor vehicle acquired out of NIDP project funds 854,367 - 854,367 - 854,367 Motor vehicle gifted by the Ministry of Agriculture and Fisheries 2,945,000 - 2,945,000 - 2,945,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 14,14,047,602< | | | | | | |
| Irrigation pipes gifted by Chinese Government | | | - | | - | |
| 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 Computers funded by the NIDP Project 14,546,237 - 14,546,237 - 14,546,237 Computers funded by the NIDP Project 14,546,237 - 854,367 - 854,367 Computers funded by the NIDP Project 15,000 Computers funded by the NIDP Project 15,000 Customer Relationship Management 15,000 Custom | | 1,233,211 | - | 1,233,211 | - | 1,233,211 |
| Computers funded by the NIDP Project 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 14,546,237 - 1854,367 - 854,367 - 854,367 - 854,367 - 854,367 - 854,367 - 854,367 - 854,367 - 854,367 - 854,367 - 854,367 - 854,367 - 2,945,000 - 2,945,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13, | | | | | | |
| Global Postioning System (GPS) units funded by the NIDP Project | | / / | - | | - | / / |
| funded by the NIDP Project 854,367 - 2,945,000 - 2,945,000 - 2,945,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 950,000 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 | | 14,546,237 | - | 14,546,237 | - | 14,546,237 |
| Motor vehicle acquired out of NIDP project funds 2,945,000 - 2,945,000 - 2,945,000 - 2,945,000 - 2,945,000 - 2,945,000 - 2,945,000 - 2,945,000 - 2,945,000 - 950,000 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 | | 054267 | | 054267 | | 054267 |
| project funds 2,945,000 - 2,945,000 - 2,945,000 - 2,945,000 - 2,945,000 - 2,945,000 - 2,945,000 - 2,945,000 - 950,000 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049, | | 854,367 | - | 854,367 | - | 854,36/ |
| Motor vehicle gifted by the Ministry of Agriculture and Fisheries 950,000 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049 | | 2 045 000 | | 2.045.000 | | 2.045.000 |
| 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 GOJ project advances) (note 12) 43,274,197 (10,173,879) 33,100,318 - 33,100,318 1,141,682,777 2,344,825 1,144,027,602 - 1,144,027,602 Amortisation transferred to profit or loss (764,499,637) (38,224,432) (802,724,069) (36,021,599) (838,745,668) | | 2,943,000 | - | 2,943,000 | _ | 2,943,000 |
| Customer Relationship Management System (CRMS) funded by the NIDP Expenditure on contracts-in-progress (net of amounts expensed out of GOJ project advances) (note 12) Amortisation transferred to profit or loss 13,049,961 - 13,049,961 - 13,049,961 43,274,197 (10,173,879) 33,100,318 - 33,100,318 1,141,682,777 2,344,825 1,144,027,602 - 1,144,027,602 Amortisation transferred to profit or loss | | 950,000 | _ | 950,000 | _ | 950,000 |
| System (CRMS) funded by the NIDP Expenditure on contracts-in-progress (net of amounts expensed out of GOJ project advances) (note 12) Amortisation transferred to profit or loss 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 13,049,961 - 33,100,318 - 33,100,318 - 1,144,027,602 - 1,144,027,602 Amortisation transferred to profit or loss | | 930,000 | _ | 220,000 | _ | 930,000 |
| Expenditure on contracts-in-progress (net of amounts expensed out of GOJ project advances) (note 12) 43,274,197 (10,173,879) 33,100,318 - 33,100,318 1,141,682,777 2,344,825 1,144,027,602 - 1,144,027,602 Amortisation transferred to profit or loss (764,499,637) (38,224,432) (802,724,069) (36,021,599) (838,745,668) | | 13 049 961 | _ | 13 049 961 | _ | 13 049 961 |
| (net of amounts expensed out of GOJ project advances) (note 12) 43,274,197 (10,173,879) 33,100,318 - 33,100,318 1,141,682,777 2,344,825 1,144,027,602 - 1,144,027,602 Amortisation transferred to profit or loss (764,499,637) (38,224,432) (802,724,069) (36,021,599) (838,745,668) | | 13,017,701 | | 15,017,701 | | 13,042,201 |
| GOJ project advances) (note 12) 43,274,197 (10,173,879) 33,100,318 - 33,100,318 1,141,682,777 2,344,825 1,144,027,602 - 1,144,027,602 Amortisation transferred to profit or loss (764,499,637) (38,224,432) (802,724,069) (36,021,599) (838,745,668) | | | | | | |
| 1,141,682,777 2,344,825 1,144,027,602 - 1,144,027,602 Amortisation transferred to profit or loss (764,499,637) (38,224,432) (802,724,069) (36,021,599) (838,745,668) | | 43,274,197 | (10.173.879) | 33,100,318 | _ | 33,100,318 |
| Amortisation transferred to profit or loss (<u>764,499,637</u>) (<u>38,224,432</u>) (<u>802,724,069</u>) (<u>36,021,599</u>) (<u>838,745,668</u>) | , , , | 1,141,682,777 | · · · · · · · · · · · · · · · · · · · | 1,144,027,602 | _ | 1,144,027,602 |
| | Amortisation transferred to profit or loss | | | | (36,021,599) | |
| | • | \$_377,183,140 | (35,879,607) | 341,303,533 | (36,021,599) | _305,281,934 |

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>2016</u> | <u> 2015</u> |
|-------------------------------------|---------------|--------------|
| Authorised, issued and fully-paid: | | |
| 100 ordinary shares at no par value | \$ <u>100</u> | <u>100</u> |

2016

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. <u>Investment revaluation reserve</u>

This represents the increase in the fair value of investments classified as available-for-sale.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

18. 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 \$846.5 million (2015: \$721.4 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). Following the extended summer drought, \$853.622 million (2015: \$629.449 million) was approved by Parliament and paid to the company.

19. Expenses by nature

| | <u>2016</u> | <u>2015</u> |
|---|-------------------------|---------------|
| Amortisation of intangible assets | 1,304,968 | 1,304,968 |
| Advertising and public relations | 4,095,545 | 3,084,007 |
| Advisory committee fees and related expenses | 2,187,194 | 2,486,473 |
| Bad debts, net of recoveries | 11,162,929 | 5,415,539 |
| Bank charges | 685,834 | 654,745 |
| Computer expenses | 6,711,086 | 4,900,346 |
| Depreciation | 42,567,778 | 44,880,717 |
| Directors' expenses | 7,956,503 | 9,741,843 |
| Electricity | 461,865,786 | 493,841,926 |
| Equipment hireage | 2,488,750 | 4,017,250 |
| Fuel and lubricants | 4,941,022 | 5,915,685 |
| General Consumption Tax (GCT) | 5,194,557 | 16,600,743 |
| General expenses | 2,778,786 | 2,036,464 |
| Haulage | 4,173,238 | 5,272,126 |
| Insurance | 10,481,013 | 9,717,298 |
| Interest on concessionary loans | 2,309,545 | 5,062,925 |
| Loss on disposal of property, plant and equipment | 8,584 | 18,333 |
| Maintenance of conveyance system (labour) | 47,734,554 | 65,005,511 |
| Motor vehicle fuel, repairs and maintenance | 15,207,735 | 19,609,631 |
| Office maintenance, rental and property taxes | 3,718,409 | 3,623,010 |
| Office refreshments | 3,215,309 | 2,570,775 |
| Office utilities | 12,610,997 | 16,058,604 |
| Other expenses | 290,537 | 239,720 |
| Professional fees | 14,520,597 | 10,660,771 |
| Regulatory fees | 867,647 | 882,220 |
| Repairs to buildings, distribution canals, pipelines and pumps, | 41 797 424 | 29 504 960 |
| Calaria and adapt design | 41,787,424 | 38,594,869 |
| Salaries, wages and related costs | 554,153,607 | 557,828,386 |
| Security | 20,054,382 | 18,491,526 |
| Special projects expenses | 1,798,235 | 2,499,816 |
| Stationery | 3,551,335 | 3,522,678 |
| Subscriptions and donations | 278,166 | 637,714 |
| Telephone, postage, data, etc. | 10,780,437 | 11,355,499 |
| | \$ <u>1,301,482,489</u> | 1,366,532,119 |

Notes to the Financial Statements (Continued) Year ended March 31, 2016

20. Other income

| | | <u>2016</u> | <u>2015</u> |
|-----|---|----------------------|-------------------|
| | Finance income: | | |
| | Investments and cash and cash equivalents | 347,371 | 404,565 |
| | Other | 282,629 | 291,094 |
| | Amortisation of interest on concessionary loans | 3,643,365 | 3,068,784 |
| | Exchange gains | 36,580 | 34,542 |
| | Service fees | 3,655,135 | 2,980,241 |
| | Miscellaneous | 2,922,942 | 9,163,011 |
| | | \$ <u>10,888,022</u> | <u>15,942,237</u> |
| 2.1 | | | |
| 21. | Finance costs | <u>2016</u> | <u>2015</u> |
| | Interest on bank overdraft | \$ <u>22,422</u> | 14,010 |

22. <u>Taxation</u>

(a) The provision for income tax is computed at $33\frac{1}{3}\%$ of the results for the year, as adjusted for tax purposes, and is made up as follows:

(i) Current tax charge:
Provision for charge on current year's profits,
being actual tax charge recognised

\$\frac{2016}{2015}\$

\$\frac{2015}{2015}\$

\$\frac{2015}{2015}\$

\$\frac{2016}{2015}\$

\$\frac{2015}{2015}\$

\$\frac

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

| | <u>2016</u> | <u>2015</u> |
|---|--|---|
| (Profit)/loss before taxation | \$ <u>247,066,741</u> | (_77,174,153) |
| Computed "expected" tax charge/(credit) Tax effect of treating items differently for financial statements and tax reporting purposes - | 82,355,580 | (25,722,145) |
| Depreciation, amortisation and capital allowances Foreign exchange gain, capital Amortisation of deferred credits Expenses not allowed for tax purposes Loss on disposal of property, plant and | 10,723,421 (12,192) (12,005,999) 133,545 | 10,680,105 (11,513) (12,740,203) 38,998 |
| equipment Interest on concessionary loans Tax losses Other | 2,861 (444,562) (39,706,973) (1,307,065) | 6,111 (1,687,473) 30,660,715 (1,224,595) |
| Actual tax charge recognised | \$ <u>39,738,616</u> | |

22. <u>Taxation (continued)</u>

- (c) At March 31, 2016, taxation losses amounting to approximately \$244,000,000 (2015: \$363,000,000) 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 \$54,313,000 (2015: \$104,976,000) in respect of taxation losses and temporary differences 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.

23. Profit/(loss) for the year

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

| | <u>2016</u> | <u>2015</u> |
|---------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Directors' emoluments [note 25(c)]: | | |
| Fees | 1,975,719 | 2,446,630 |
| Travel | 2,368,102 | 2,883,928 |
| Auditors' remuneration - current year | 2,316,600 | 2,216,400 |
| - prior year | 500,000 | - |
| Depreciation | <u>42,567,778</u> | <u>44,880,717</u> |

24. Employee numbers and costs

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

| | <u>2016</u> | <u>2015</u> |
|--|-----------------------|--------------------|
| Full-time | 141 | 164 |
| Part-time | 28 | 18 |
| Other | _26 | _12 |
| | <u>195</u> | <u>194</u> |
| The aggregate payroll costs for these persons were as follows: | | |
| · · | <u>2016</u> | <u>2015</u> |
| Salaries | 369,290,480 | 372,549,531 |
| Statutory payroll contributions | 16,160,493 | 16,485,402 |
| Pension benefit cost (net of contribution) [note 8(a)(v)] | 15,394,000 | 14,019,000 |
| Travel and subsistence | 112,612,993 | 113,779,191 |
| Gratuities | 2,748,751 | 8,695,291 |
| Training | 5,066,484 | 4,643,295 |
| Accrued vacation leave | (1,935,897) | (6,903,603) |
| Insurance scheme | 31,105,054 | 29,683,657 |
| Staff welfare | 3,711,249 | 4,876,622 |
| | \$ <u>554,153,607</u> | <u>557,828,386</u> |

Notes to the Financial Statements (Continued) Year ended March 31, 2016

25. 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>2016</u> | <u>2015</u> |
|---|------------------|------------------|
| | \$ | \$ |
| Accounts receivable: | | |
| Directors | 1,411,986 | 1,024,347 |
| Long-term receivables: | | |
| Employee loans - key management personnel | <u>3,420,833</u> | <u>2,033,333</u> |

(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>2016</u> | <u>2015</u> |
|--|-------------------|----------------|
| | \$ | \$ |
| Compensation paid to key management personnel: | | |
| Directors' emoluments (note 23) | 4,343,821 | 5,330,558 |
| Salaries to other key management personnel | 34,129,604 | 26,831,283 |
| Post-employment benefits | 665,000 | 485,000 |
| | <u>39,138,425</u> | 32,646,841 |
| Interest income from key management personnel | <u>301,190</u> | <u>157,113</u> |

26. 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 Audit and Risk Management Committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports bi-monthly to the Board of Directors on its activities.

26. Financial risk management (continued)

(a) Overview (continued):

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 Audit and Risk Management 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 Audit and Risk Management 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 Audit and Risk Management 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 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 and Performance Management Committee monthly.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

26. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Trade receivable (continued)

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 receivable at the reporting date by geographic region was:

| | <u>Carrying amount</u> | |
|---------------|------------------------|-------------|
| | <u>2016</u> | <u>2015</u> |
| St. Thomas | 2,788,824 | 1,468,809 |
| St. Catherine | 79,828,968 | 65,024,112 |
| Clarendon | 31,245,681 | 24,370,515 |
| St. Elizabeth | 31,217,806 | 25,351,793 |
| Trelawny | 3,357,958 | 1,403,164 |
| St. James | 462,438 | 426,134 |
| | \$ <u>148,901,675</u> | 118,044,527 |

(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, 2016 was \$44,880,000 (2015: \$83,591,900).

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

26. Financial risk management (continued)

(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>2016</u> US\$ | <u>2015</u> US\$ |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | <u>5,323</u> | <u>5,319</u> |

The average exchange rate for the US dollar in terms of Jamaica dollars, at March 31, 2016 was: US\$1.00 = J\$121.3628 (2015: J\$114.4883).

Sensitivity analysis

A 6% (2015: 10%) strengthening of the US\$ against the Jamaica dollar would have increased profit by \$38,761 (2015: \$60,896). A 1% (2015: 1%) weakening would have decreased profit by \$6,460 (2015: \$6,090). This analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis as for 2015.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

26. Financial risk management (continued)

(d) Market risk (continued):

(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:

| | Carrying amount | | |
|-------------------|----------------------|-------------------|--|
| | <u>2016</u> | <u>2015</u> | |
| Resale agreements | 18,993,939 | 9,135,198 | |
| Employee loans | <u>22,563,266</u> | 22,568,466 | |
| | \$ <u>41,557,205</u> | <u>31,703,664</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, 2016

26. Financial risk management (continued)

(e) Operational risk (continued):

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.

27. <u>Fair values</u>

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, 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.

The fair value of resale agreements included in investments approximate their carrying values due to their short-term nature. The units held in NCB Capital Markets CAPFunds (note 5) are classified as Level 2 in the fair value hierarchy.

Notes to the Financial Statements (Continued) Year ended March 31, 2016

28. 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 \$3,784,256 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 \$26,972 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 April 22, 2016 and no provision has been made in these financial statements.
- (v) A claim was made against the company by a customer in the amount of US\$68,000. The customer claims loss of earnings for crops due to damages to the land allegedly by the company. The matter has not yet been heard. No provision has been made in the financial statements.

29. Capital commitments

Commitments for capital expenditure were as follows:

2016 2015

Capital commitments \$33,701,109 1,130,238



National Irrigation Commission Limited SUPPLEMENTARY INFORMATIONTO THE FINANCIAL STATEMENTS Year Ended March 31, 2016

I

NATIONAL IRRIGATION COMMISSION LIMITED

Government of Jamaica Project Advances As at and for year ended March 31, 2016

| As at allu ioi year cilueu ivialeli 31 | <u>dalen 31, 2010</u> | | | | | | | | | |
|--|----------------------------|-------------------------|---------------------------|----------------------------|-----------------|-------------------------|-------------------------|----------------------------|---------------------|---------------------|
| <u>PROJECTS</u> | At beginning of year | Received during year | Transfer of project funds | Total | Capital work | Expenditure capitalised | Non-capital expenditure | Capital 'B' expenditure | 2016 | 2015 |
| Non Such Agro Park, St. Mary (Account #44120-00-00) Fabrication of gates | 1,670,635 | | | 1,670,635 | (2,314,512) | | | | (643,877) | 1,670,635 |
| and installation of mechanical devices | 990,144 | | | 990,144 | 1 | (890,998) | (24,076) | | • | , |
| reservoirs | 1,200,220 | • | | 1,200,220 | , | | (1,200,220) | | , | , |
| Colbeck | 578,305 | | | 578,305 | | 1 | (578,305) | | | |
| Construction of Dam | 14,143,538 | | • | 14,143,538 | (000,000) | (14,022,668) | (30,245) | ı | 40,625 | 40,625 |
| Lining of Canals | 2,196,169 191,655,055 | 25,000,000 | | 216,655,055 | (24,992,384) | (103,899,711) | (74,160,574) | | 13,602,386 | (11,397,614) |
| National Irrigation Development Plan National Irrigation | 1,655,125,231 | | (3,689,483) | 1,651,435,748 | | ı | 30,267,887 | (1,608,245,522) | 43,190,226 | 46,879,709 |
| Development Plan | 440 475 563 | | | 140 475 563 | | | | (232 000 014) | 7000 201 | 405 0000 |
| - Implementation Other capital projects | 446,455,505 254,444,544 | | | 446,453,303 254,444,544 | | (187,221,888) | (40,805,819) | (448,920,303) | 26,416,837 | 43,953,022 |
| Joint Venture- New | | | | | | | | | 0 | 0 |
| Era rehab infrastructure Ext. Block E Pipeline | 2,701,354 2,639,774 | | | 2,701,354 2,639,774 | | (2,547,798) | (528,772) | | 2,172,582 91,976 | 2,172,581 91,976 |
| Second Sugar | 000 | | | | | | | | | |
| Kehabilitation | 151,069,666 | | | 151,069,666 | | (149,502,023) | (1,567,643) | | | |
| Thetford Vallahs | 29,094,791 | | | 29,094,791 | | (29,070,822) | (23,969) | | | |
| Rain Water | 67,000,110 | | | 2,700,110 | | (101,175,12) | (000,217 | | | |
| Harvesting Project | 12,896,074 | | | 12,896,074 | | | (12,907,074) | | (11,000) | (11,000) |
| Energy Saving Projects Vernamfield Irrigation | 6,042,125 | | | 6,042,125 | | | (8,006,974) | | (1,964,849) | (1,964,849) |
| System Project phase 1 | 65,700,000 | | | 65,700,000 | (13,065,725) | • | (41,956,251) | 1 | 10,678,024 | 9,446,422 |
| Agro Parks Project | ` | 30,000,000 | 1 | 30,000,000 | (29,405,135) | 1 | (4,111,330) | ı | | (31,641,749) |
| Fishing Beach Projects Port Henderson re lift numn | 70,000,000 | 1 | • | 70,000,000 | | | (65,741,215) | | 4,258,785 | 4,258,785 |
| station | 2,000,000 | 4,500,000 | ı | 6,500,000 | (5,209,965) | • | , | , | 1,290,035 | 2,000,000 |
| PGR pump house construction | 1,090,000 | 500,000 | | 1.590,000 | (1,718,192) | | | | (28,192) | 1,090,000 |
| Ebony Park filtration system | 800,000 | 2,200,000 | • | 3,000,000 | (3,015,128) | i | • | • | (15,128) | 800,000 |
| Wind Monitoring System | 1 6 | 1 . | • | 1 1 | 1 1 | • | | | 6 | 1 |
| Wind Monitoring Project | 4,228,704 | 946,014 | | 5,174,718 | (5,213,557) | | | | (88,839) | 1,925,733 |
| IDB Well Sites Vernam Irrigation System | 485,000 | | ı | 485,000 | | • | ı | | 485,000 | 485,000 |
| Phase 2 | 4,400,000 | • | 1 | 4,400,000 | (2.863.598) | | | • | 1,536,402 | 4,400,000 |
| | \$2,948,925,622 | 63,146,014 | (3,689,483) | 3,008,382,153 | (87,848,196) | (511,625,082) | (254,783,263) | (2,057,166,085) | 96,959,527 | 73,714,276 |
| | | | | | | | | | | |

Expenses Year ended March 31, 2016

Cost of producing and distributing water to farm gates

| | <u>2016</u> | <u>2015</u> |
|---|-------------------------|----------------------|
| Depreciation | 42,567,778 | 44,880,718 |
| Electricity | 461,865,786 | 493,841,926 |
| Equipment hireage | 2,488,750 | 4,017,250 |
| Fuel and lubricants | 4,941,022 | 5,915,685 |
| General expenses | 2,778,786 | 2,036,464 |
| General insurance | 8,332,192 | 8,655,836 |
| Haulage | 4,173,238 | 5,272,126 |
| Maintenance of conveyance system (labour) | 47,734,554 | 65,005,511 |
| Motor vehicle fuel, repairs and maintenance | 12,573,646 | 14,632,624 |
| Telephone, postage, data, etc. | 3,403,131 | 3,645,250 |
| Office refreshments | 1,482,250 | 1,612,540 |
| Stationery | 1,984,096 | 1,755,047 |
| Computer expenses | 831,221 | 768,208 |
| Bank charges | 144,467 | 275,480 |
| Regulatory fees | 867,647 | 882,220 |
| Office rent and property taxes | 895,667 | 1,013,744 |
| Office utilities | 7,535,227 | 9,236,840 |
| Advisory committee fees and related expenses | 2,187,194 | 2,486,473 |
| Professional fees | 1,537,306 | 470,300 |
| Repairs to buildings, distribution canals, pipelines, | | |
| pumps, etc. (material) | 41,787,424 | 38,594,869 |
| Salaries, wages and related costs (see below) | 352,017,887 | 362,454,604 |
| Security | <u>16,129,668</u> | 16,402,356 |
| Total cost of producing and distributing water | \$ <u>1,018,258,937</u> | <u>1,083,856,071</u> |
| Salaries, wages and related costs | | |
| Personnel emoluments | 234,421,937 | 242,534,293 |
| Insurance scheme | 21,181,772 | 20,428,081 |
| Statutory contributions | 10,422,354 | 10,697,866 |
| Staff welfare | 2,847,475 | 2,545,065 |
| Accrued vacation leave | (2,709,847) | (4,379,315) |
| Travel and subsistence | 83,835,183 | 88,019,971 |
| Training | 2,019,013 | 2,608,643 |
| | \$ <u>352,017,887</u> | 362,454,604 |

Expenses (Continued)
Year ended March 31, 2016

Salaries, wages and related costs included in administrative expenses

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------|
| Personnel emoluments | 134,868,543 | 130,015,238 |
| Pension benefit cost (net of contribution) | 15,394,000 | 14,019,000 |
| Insurance scheme | 9,923,282 | 9,255,576 |
| Statutory contributions | 5,736,707 | 5,787,536 |
| Vacation leave | 747,906 | (2,524,288) |
| Gratuities | 2,748,751 | 8,695,291 |
| Staff welfare | 863,774 | 2,331,557 |
| Training | 3,047,471 | 2,034,652 |
| Travel and subsistence | <u>28,777,810</u> | 25,759,220 |
| | \$202,108,244 | 195,373,782 |

Notes