



**National Irrigation
Commission Limited**
"Irrigation ... Making the Difference in Agriculture"

ANNUAL REPORT

2022 - 2023

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OUR VISION:

To be the regional leader in the provision of world class irrigation services.

OUR MISSION:

To meet the needs of our customers by delivering high quality irrigation services driven by competent staff, technology, innovation, and collaboration with partners.

OUR CORE VALUES:

Teamwork
Respect
Excellence
Commitment/Customer-Centric
Knowledge-Driven
Sustainability

CORPORATE PROFILE

The National Irrigation Commission Limited (NIC) is a government agency which operates under the Ministry of Agriculture and Fisheries. The NIC was established in 1986 as Jamaica's primary provider of irrigation services to the agricultural sector. The Commission obtains its authority from the Irrigation Act of 1949 which mandates that the NIC manage, operate, maintain and expand existing and future irrigation schemes and systems as established by the Government of Jamaica.

OUR OPERATION

The NIC serves farmers with high quality irrigation service to stimulate agricultural production. The Commission conducts drainage operations in the Upper and Lower Morass of the Black River in St. Elizabeth and operates across sixteen (16) irrigation schemes in three (3) regions:

Eastern

- St. Catherine: Rio Cobre, St. Dorothy's, Colbeck and Amity Hall
- Portland: Spring Garden
- St. Thomas: Yallahs, Yallahs IDB and Plantain Garden River

Central

- Clarendon: Mid Clarendon and Monymusk.
- Manchester: New Forest/Duff House.

Western

- St. Elizabeth: Hounslow, Beacon/Little Park and Holland
- St. James: Seven Rivers
- Trelawny: Braco

Governed by a 15-member Board of Directors, the Commission is managed by the Chief Executive Officer. Together they oversee the following departments: Administration and Human Resources, Commercial Operations, Engineering and Technical Services, Finance and Corporate Planning, Projects Planning and Execution, Management Information Systems, Public Relations, Internal Audit, Legal Services and Strategic Planning and Implementation.

CORPORATE DATA

REGISTERED OFFICE

Head Office

National Irrigation Commission Limited
Head Office
191 Old Hope Road, Kingston 6
Tel: (876) 977-4022/6727 or
(876) 618-0172
E-mail: nic@cwjamaica.com

The Operation Centre

15 Barrett Street, Spanish Town
St. Catherine
Tel: (876) 984-0625/5792 or
(876) 469-1910

DISTRICT OFFICE

St. Catherine Irrigation District

Rio Cobre Office
17 Barrett Street, Spanish Town
St. Catherine
Tel: (876) 984-2334 or (876) 489-8801

St. Dorothy Office

Bodles, Old Harbour, St. Catherine
Tel: (876) 983-2712 or
(876) 489-8781

Yallahs Irrigation District

Yallahs Office
Yallahs, St. Thomas
Tel: (876) 706-3159 or (876) 489-8912

Mid-Clarendon Irrigation District

Mid-Clarendon Office
Osbourne Store, May Pen
Clarendon
Tel: (876) 987-3140/3259 or (876) 469-1909

Auditors

KPMG
6 Duke Street
Kingston, Jamaica
Tel: (876) 922-6640

Attorneys-at-Law

DunnCox
48 Duke Street
Kingston, Jamaica
Tel: (876) 965-0714

St. Elizabeth Irrigation & Drainage District

Hounslow Office
Watchwell P.A., St. Elizabeth
Tel: (876) 965-0714 or (876) 489-8918

New Forest Irrigation District

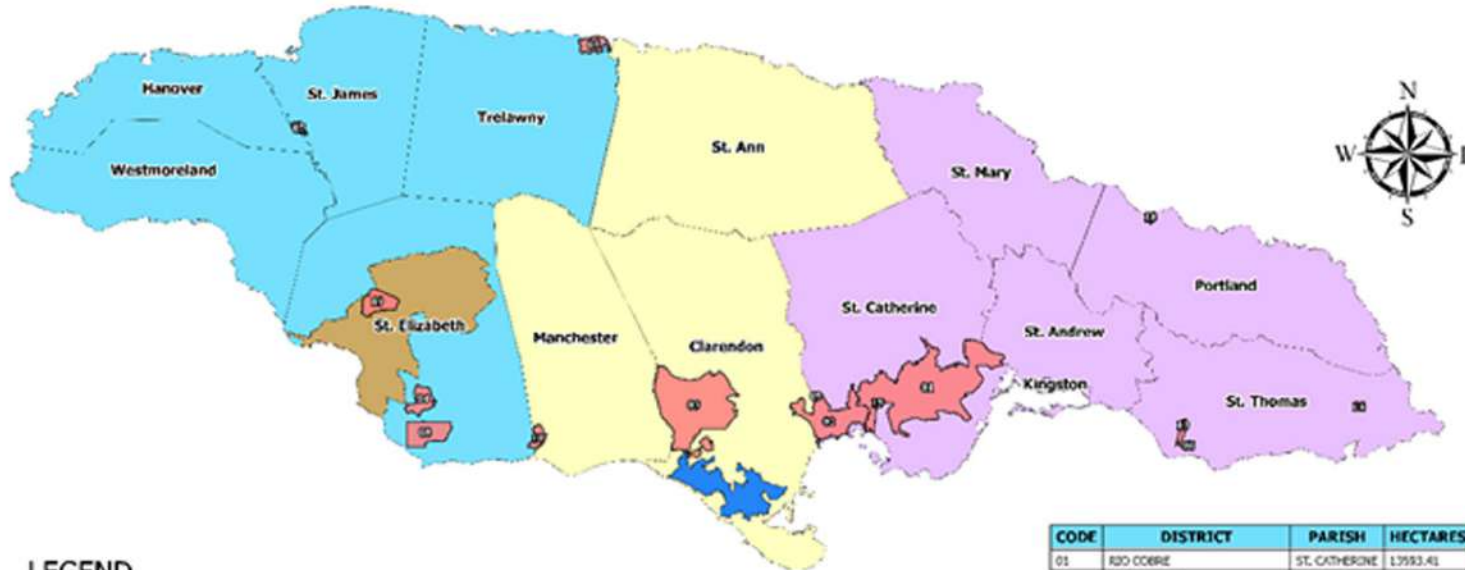
New Forest Office
New Forest P.A., Manchester
Tel: (876) 371-0794

Braco Irrigation District

Braco Office
Duncans, Trelawny
Tel: (876) 954-2147 or (876) 489-9095

MAP OF IRRIGATION DISTRICTS

NATIONAL IRRIGATION COMMISSION LIMITED DISTRICTS



LEGEND

- NIC DISTRICTS
- SPECIAL RESPONSIBILITY AREA - MONYMUSK
- BLACK RIVER DRAINAGE AREA
- EASTERN REGION
- CENTRAL REGION
- WESTERN REGION

CODE	DISTRICT	PARISH	HECTARES
01	RIO COBBE	ST. CATHERINE	13993.41
02	ST. DOROTHY	ST. CATHERINE	4845.84
03	MID CLARENDON	CLARENDON	11951.25
04	HOUNGLOW	ST. ELIZABETH	1276.36
05	BRACO	TRELAWNY	962.99
06	YALLAHS	ST. THOMAS	76.73
07	SEVEN RIVERS	ST. JAMES	297.88
08	BEACON LITTLE PARK	ST. ELIZABETH	2396.19
09	COUBECK	ST. CATHERINE	136.22
10	NEW FOREST	MANCHESTER	654.42
13	YALLAHS - ICB	ST. THOMAS	395.9
14	PLANTAIN GARDEN RIVER (PCR)	ST. THOMAS	117.07
15	ANITY HALL	ST. CATHERINE	60.2
18	SPRING GARDEN	PORTLAND	120.13
19	HOLLAND	ST. ELIZABETH	1684.1

Scale: 1:275,000



MINISTER'S MESSAGE



The National Irrigation Commission Limited acts as the foundation for the development and expansion of Jamaica's agricultural sector. It is a primary target of the Government of Jamaica (GoJ) to increase the amount of arable land under irrigated agriculture through the National Irrigation Commission Limited.

The Ministry of Agriculture and Fisheries (MOAF) is pleased with the NIC's increased usage of solar energy technologies in the provision of irrigation services to our farmers to boost efficiency and reliability.

I am particularly pleased with the progress of the Essex Valley Agricultural Development Project in Southern Manchester and Southern St. Elizabeth, and The Southern Plains Agriculture Development Project that borders Southern St. Catherine and Southern Clarendon. The MoAF is also satisfied with a achievements of the other major irrigation projects which will see a national expansion of irrigation service area.

I commend the leadership and staff of the NIC for their remarkable steadfastness in the operation and the company's service delivery.

Hon. Parnel Charles Jr., MP
Minister of Agriculture and Fisheries

CHAIRMAN'S MESSAGE



As we reflect on the work of the National Irrigation Commission Limited (NIC) for the reported period, it is evident that our commitment to fostering a resilient and highly efficient agricultural sector remains unwavering. There is no doubt that 2022/23 will be remembered as a year of challenges having experienced some of the highest daily temperature and arguably, the longest and most devastating drought in recorded history. It can also be remembered as a year of hard work, accomplishments and progress for the NIC.

The role of Agriculture as a primary driver of economic growth in Jamaica is indisputable, and the NIC continues to be a central player in ensuring its sustained expansion. We recognize that access to reliable irrigation services is fundamental to fostering widespread production and productivity, and we take pride in our continued efforts to meet this critical need.

Through strategic collaborations with the Ministry of Agriculture and Fisheries (MoAF), the NIC has been a steadfast partner in promoting rural development. Productivity growth in agriculture is the driving force behind structural transformation and the NIC is essential in this regard. The multifaceted role of irrigation in agricultural development encompasses factors such as increased productivity, crop diversification, drought mitigation, income stabilization, food security and the creation of employment opportunities. Our support for the agricultural aspirations of numerous local farmers through timely interventions has not only created opportunities for exponential growth but has also contributed significantly to the socio-economic fabric of the communities we serve.

CHAIRMAN'S MESSAGE CON'T

The achievements and growth over the reported period are a testament to the dedication and hard work of the present leadership and staff of the NIC. As we commend the exceptional service rendered during the reported period, we acknowledge the important role each member of the NIC has played in achieving our mission. Not only did the team exceed expectations under extreme and unusual circumstances with limited resources, but they also continued to deliver high-quality irrigation services to our valued customers and staying true to the company's values. Your commitment has been paramount in making this mission a reality.

The work of the dedicated members of the Board of Directors, to oversee and interrogate policy implementation, bolstered management's efforts to deliver. That collaboration gives us reason to look at the future with confidence as we deploy our capabilities, adopt cutting edge technology and expand our footprint.

Nigel Myrie
Chairman

CHIEF EXECUTIVE OFFICER'S MESSAGE



The National Irrigation Commission Limited has continued to support the strategic objectives of the Ministry of Agriculture and Fisheries (MoAF) by managing, operating and expanding irrigation systems to ensure quality delivery of service to our customers. As an agency of the MOAF, the NIC has complied with instructions from the Ministry of Finance and the Public Service and other Government of Jamaica (GOJ) entities to successfully implement required policies and programmes.

Throughout the reported period, the National Irrigation Commission Limited continued to deliver world-class irrigation services to the agriculture sector through open canals, as well as pressurized and ramp water sales systems. The NIC had successes in automating some key business processes, improving efficiency in the water production and distribution process. The Commission continued to re-establish itself as a driver of new technologies and improved business processes to increase efficiency and improve the customer experience. The Commission also remained committed to utilising renewable energy in its operation to reduce the water production and NIC's carbon footprints.

I extend gratitude to the Board of Directors for their support, and the Management and staff of the NIC for their commitment and combined resilience that have contributed significantly to us achieving our strategic targets.

To our key stakeholders, you are valuable partners who have supported our operation and customer service delivery. We approach the upcoming Financial Year with great zeal as we look to strategically strengthen efficiency while developing and expanding irrigated agriculture.

Joseph Gyles, JP
Chief Executive Officer

BOARD OF DIRECTORS



Nigel Myrie
Chairman



Krishan James
Vice-Chairman



Genille Attalla



Dr. Horace Charoo



Adrian Chin



Andrea Allen



Peter Clarke

BOARD OF DIRECTORS



Harvey D'Aguilar



Amelia Gordon



Randel Bellanfante



Dramaine Jones



Theresa Turner-Flynn



Dr. Charles Douglas



Sharon Williamson



Venice Williams-Gordon
Corporate Secretary

DISTRICT ADVISORY AND MONITORING COMMITTEES

ST. ELIZABETH

Krishan James - **Chairman**
John Davis
Orlando Nembhard
Nathan Samuels
Aslyn Parchment
Sylton Sibblis
Chandia Walters
O'neil Wright

TRELAWNY

Genille Attalla - **Chairman**
Rachel Webb
Stacey Mason
Vincent Blair
Ronique Henry
Rev. Kenneth Binns, JP
Donovan Whyte
Sydney Roman

CLARENDON

Dr. Horace Charoo - **Chairman**
Baldwin Atkins
Ralden Bellanfante
Donovan Hinds
Marvin Lawrence
Andrew Lodenquai
Owen Scarlett
Eastan Thompson

ST. CATHERINE

Theresa Turner-Flynn - **Chairman**
Trevor Garvey
Andre Griffiths
Jennifer Hull
Keith Knight
Carlene Martin

EXECUTIVE MANAGEMENT TEAM



Joseph Gyles, JP
Chief Executive Officer



Wayne Barrett
**Director of
Commercial Operations**



Milton Henry
**Director of
Projects**



Maxine Brown
**Director of
Administration
& Human Resources**



Rohan Stewart
**Director of
Engineering and
Technical Services**



Lillian Smith
**Director of
Finance and
Corporate Planning**

DIRECTOR'S COMPENSATION

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including non-Cash Benefits as applicable (\$)	Total (\$)
Chairman Current: Nigel Myrie	346,700.00	227,190.00			573,890.00
Deputy Chairman Current: Krishan James	72,000.00				72,000.00
Deputy Chairman: Previous: Dr. Horace Charoo	182,900.00				182,900.00
Statutory Director Current: Harvey D'Aguiar	178,500.00	151,670.00			330,170.00
Statutory Director Current: Ralden Bellanfante	153,500.00	18,315.00			171,815.00
Statutory Director Current: Sharon Williamson	79,500.00				79,500.00
Statutory Director Current: Theresa Turner-Flynn	182,700.00	25,893.00			208,593.00
Statutory Director Current: Adrian Chin	179,400.00	12,524.00			191,924.00
Statutory Director Current: Amelia Gordon	142,400.00				142,400.00
Statutory Director Current: Andrea Allen	158,000.00	18,590.00			176,590.00
Statutory Director Current: Dramaine Jones	124,000.00				124,000.00
Statutory Director Current: Genille Attalla	280,300.00				280,300.00
Statutory Director Current: Peter Clarke	159,000.00				159,000.00
Total A	2,238,900.00	454,182.00			2,693,082.00

SENIOR EXECUTIVES' COMPENSATION

Position of Senior Executive	Year	Salary (\$)	Toll Charges (\$)	Mileage	Travelling Allowance (Upkeep)	Acting/Other Allowances (\$)	Total (\$)
Chief Executive Officer Joseph Gyles	2022/2023	11,476,541				1,795,590	13,272,131
Dir. Commercial Operations Wayne Barrett	2022/2023	9,173,289	3,200	14,124	1,778,542		10,969,155
Project Director Milton Henry	2022/2023	10,950,642	11,950	98,412	1,725,434		12,786,438
Dir. Finance & Corporate Planning Lillian Smith	2022/2023	8,216,554	5,940	50,305	1,725,434		9,998,233
Dir. Engineering & Technical Services Rohan Stewart	2022/2023	8,254,506	16,000	825,576	1,725,434	42,450	10,863,966
Dir. Admin & Human Resources Maxine Brown	2022/2023	7,931,068			1,725,434	378,975	10,035,477
Total		56,002,600	37,090	988,417	8,680,278	2,217,015	67,925,400



THE AMPHIBIOUS EXCAVATOR

ADMINISTRATION AND HUMAN RESOURCES

The National Irrigation Commission Limited continues to develop a cadre of professionals through human resource programmes. These programmes support and expand staff competencies and ultimately enhance the sustainable delivery of service to our customers. They are also key in the ability to implement and monitor administrative systems, procedures and policies of the Commission; ensuring protection of its assets and legal rights, and providing an efficient support system through general office services.

Business Process Improvement

During the period under review, the department met the changing needs of its stakeholders by initiatives which leveraged the integration of technology to improve existing business processes. The focus areas included are:

- (i) Additional modules of HRplus software;
- (ii) Office Supplies Management system (NICOS) for Administration and Office Services, aimed at reducing expenditure and improving efficiency;
- (iii) Facilities and Asset Management, and Motor Vehicle Maintenance Scheduling for property, transport and occupational safety.

Administration and Office Services

The NIC continues to provide support through the improvement of work facilities and services to employees (providing adequate furniture and equipment). Tighter controls were instituted to reduce expenditure where possible. The implementation of the Office Supplies Management System (NICOS) is ongoing, with the support of the Information Systems Unit. Additional areas of focus include sanitation (ensuring a clean and safe working environment), and the provision of efficient and reliable bearer services for internal and external customers.

Records Information Management

The Records Information Management programme is on-going under the guidance of the Jamaica Archives and Records Department, (an agency of the Ministry of Education and Youth), in collaboration with the Cabinet Office. An effective records management system is important in an increasingly digitized world to strengthen data records. In keeping with this, the NIC's Project Charter and RIM Policy are in place, and digitization and upload of records are progressing.

HR Plus Software

The HRplus Software services were improved to include additional modules:

- Staff Appraisals
- Recruitment and Selection
- Talent Management
- Employee Relations

Summary of Staffing

The total number of staff members employed as of March 31, 2023, was Two Hundred and Thirty (230) —sixty percent (60%) male and forty percent 40% female. Figure one below shows the staff distribution by District.



Industrial Relations

NIC maintained a harmonious relationship with the Unions even as negotiations continued for wage and fringe benefits for the respective staff groups. During the period under review, negotiations were concluded for the following:

- Heads of Agreement for wages and fringe benefits for the period 2017/2018 to 2020/2021.
- Heads of Agreement for implementation of the Revised Pay Structure for the Public Sector and conversion of staff to the New Pay Bands for the NIC.
- One-off payment to travelling officers as per approved rates.

Implementation of GOJ's Policies and Programmes

Protected Disclosure Procedural Guidelines for the NIC

This document is a requirement of the Integrity Commission of Jamaica to guide the disclosure, reporting and administration of unethical behaviours/practices within organizations. It sets out a clear procedure for related matters and to protect reporting employees.

As part of the sensitization process, a workshop was conducted with all employees of the NIC as mandated by the Integrity Commission.

Public Sector Compensation Restructure Exercise

The NIC successfully implemented the new compensation structure as of March 2023. This arose from the compensation review project undertaken by the Ministry of Finance and the Public Service through the Strategic Human Resource Management Division and the Transformation Implementation Unit. A key feature of the new compensation structure is adjustments to salaries and allowances for the current three-year period 2022/2023 to 2024/2025.

Staff Engagement

To support the physical and mental wellbeing of the staff a number of activities were undertaken. These included lunch hour sessions, wellness seminars (financial and health) and social activities. e below shows the staff distribution by District.

Training

The Commission remained focused on implementing capacity-building programmes and actively exploring training opportunities for team members. Staff members participated in local and international workshops and seminars in order to support their professional and organizational development.

The training targets achieved for the year were as follows:

Quarters	Number of Training Initiatives (Target)	Number of Training Initiatives (Actual)	Percentage of Training Initiatives Achieved	No of training hours
APR. –JUN. 2022	8	7	87.5%	102
JUL. – SEPT. 2022	12	12	100%	130
OCT. – DEC. 2022	10	11	110%	103
JAN. – MAR. 2023	10	15	150%	137
TOTAL	40	45		472

Training programmes included:

- Land Registration and Conveyancing
- Withholding Taxes
- Procurement Training – GOJ and International Procurement Institute (INPRI)
- Anticorruption and Good Governance
- Leadership for Higher Performance
- Preparing Cabinet Submission
- International Financial Reporting Standards
- Customer Service

- Meeting Planning and Administration
- Defensive Driving
- Pump Operation and Sensitization
- Variable Frequency Drive
- Certified Energy Managers Certification
- Government Accounting

PROPERTY, TRANSPORT AND OCCUPATIONAL SAFETY

Vesting Project

The Commission registered proprietorial interests/rights for parcels of land within declared irrigation schemes. Two (2) Certificates of Title were received for Beacon/Little Park, St. Elizabeth and Rhymesbury, Clarendon. Certificates of Title are pending for approximately five (5) parcels of land.

Properties Leased by NIC

For properties leased, there has been a 94% compliance with the payment timelines. One matter is being deliberated.

Facility Management

Facility Management creates a safe and contemporary facility/workstation and environment. Against that background, the NIC has undertaken renovation activities throughout the year to redesign space-layout and upgrade office facilities.

Occupational Safety and Health (OSH)

Scheduled Emergency/Disaster Preparedness Drills, i.e., earthquake and fire, were conducted in all locations.

Site inspections and audits were conducted at construction sites, and pump stations were visited to ensure compliance with the Commission's standards.

Safety and Health Awareness

A safety-first culture was promoted through staff engagements. Employees were encouraged to report potential occupational hazards and unsafe conditions to ensure compliance to safety policies and practices.

CORPORATE SOCIAL RESPONSIBILITY

The Commission is committed to building positive relationships with its stakeholders. This is in alignment with its principles of good corporate governance, ethics and accountability, and developing and sustaining communities through its provision of high quality irrigation services.

The following activities were executed:

Education

The Commission awarded scholarships at the secondary and tertiary levels totalling One Million, One Hundred Thousand Dollars to children of NIC staff members. The annual Internship Programme gave students an opportunity to gain valuable experience in the work environment and supported their professional development. During the period, the Commission also contributed to the Agricultural Programmes at the Pembroke Hall High School in St. Andrew and the Green Park Primary School in Clarendon.

Environment

A strategic objective of the NIC is to increase the usage of alternative energy sources to reduce the Commission's carbon footprint while supporting a climate-resilient agricultural sector. During the reported period 220kW of solar photovoltaic capacity were installed increasing NIC's total renewable energy capacity to 750kW.

Health and Wellness

The Commission participated in the Insurance Company of the West Indies (ICWI) Pink Run in 2022 to show support in the global fight against breast cancer. Staff members of the NIC joined thousands of Jamaicans participating in the 5K run/walk.

LEGAL SERVICES

Mitigation of risks against the Commission were managed through adept legal representation. One strategy for reducing the Commission's risk of exposure was to secure the NIC's proprietary rights and interest in lands housing its irrigation infrastructure, otherwise known as the Vesting Project.

The Vesting Project can be divided into three (3) main categories:

1. Transferal of Rights from the Commissioner of Lands to the NIC

The process of vesting has commenced for 28 parcels of land with two (2) matters completed.

2. Registration of Easements

The process for registering easements for the Essex Valley Agricultural Development Project and the Pedro Plains Agricultural Project are currently underway.

3. Execution of Leases

The Unit processed two leases.

Additionally, the Commission embarked on the following:

- **Gazetting of Irrigation Schemes**

The boundaries of the Rio Cobre Irrigation Scheme and Mid-Clarendon Irrigation Scheme were expanded and gazetted.

- **Licensing of the NIC as the Irrigation Authority**

The Unit successfully renewed the license of the NIC as the Irrigation Authority in accordance with the Irrigation Act for the next 30 years.



BEACON E SORAL PLANT

MANAGEMENT INFORMATION SYSTEMS

The Commission continued to use Information and Communication Technology (ICT) to improve its business processes and provide support services to achieve corporate goals.

Initiatives to support corporate objectives include:

- Completing the implementation of a Maintenance Management System to support Facilities Management, Engineering and Technical Services.
- Facilitating the implementation of Business Processes Improvements (BPIs) for departments according to operational plans.
- Continuing the improvement of the automated procedures to support Human Resources Management.
- Improving server and network storage capacities.
- Software maintenance of mission critical applications.
- Continuing the integration of Geographic Information Systems (GIS) in operational procedures to support decision making.
- Identification and automation of procedures.
- Maintenance and support of the infrastructure to host a corporate digital library in order to improve document management.

Plan 2022 -2023	Achievements	Benefits
Maintenance Management System	<ul style="list-style-type: none"> • Completed the deployment of the Computer Maintenance Management System (CMMS). 	<ul style="list-style-type: none"> • Automation of 'Work Orders' and 'Maintenance' procedures for Operations, Engineering, Property and Transport Departments
Expanding the automation of additional Human Resources Management procedures	<ul style="list-style-type: none"> • Configuration of five (5) additional HRplus System modules. 	<ul style="list-style-type: none"> • Operational efficiency
Facilitate the implementation of Business Processes Improvements (BPIs) for departments	<ul style="list-style-type: none"> • Automation and improvements to nine (9) major processes supporting Operations, Engineering and Administration 	<ul style="list-style-type: none"> • Operational efficiency

Plan 2022 -2023	Achievements	Benefits
Maintenance and support of the infrastructure to host corporate digital library to improve document management	<ul style="list-style-type: none"> Maintenance of twenty-nine (29) Microsoft SharePoint Digital Libraries to serve departments and units. 	<ul style="list-style-type: none"> Shared digital platform for document management Prompt access to documents by all authorized users across all districts
Software maintenance of mission critical applications	<ul style="list-style-type: none"> Maintenance of software agreements for eight (8) mission critical business applications 	<ul style="list-style-type: none"> Operational efficiency Business recovery and continuity
Continued integration of Geographic Information Systems (GIS) in operational procedures	<ul style="list-style-type: none"> Training of relevant users Full integration of GIS with Computer Maintenance Management System (CMMS), seven (7) infrastructure datasets available to support business processes in GIS Online 	<ul style="list-style-type: none"> Operational efficiency on data collection and reporting Increase number of processes supported by Information Technology

Management and use of IT Resources

Performance Matrix for the Management of Resources

Performance Item	Year-To-Date March 2023		
	Actual	Target	Variance
Percentage of major business processes managed by Information & Communication Technology (ICT)	85	90	-5
Percentage of staff utilizing required ICT platforms	96	80	16
Percentage of help desk requests satisfied within service standards	94	90	6
Number of new/ improved business processes supported by IT	9	8	1
Number of IT Security breaches discovered or reported by users	1	0	-1



DRIP IRRIGATION

ENGINEERING AND TECHNICAL SERVICES

Energy Management

Period	Total Energy Cost	Pumped Production Energy Cost	Total Water Production	Water Production Pumped from Energized Sources	Pump Hours	Production Energy Use	Unit Energy Cost – Energized Sources Only	Unit Energy Cost – Gravity + Pumped	Unit Energy Use
FY	\$M	\$M	Mm3	Mm3	hrs	MWh	\$/m3	\$/m3	kWh/m3
22/23	802.3	754.0	76.8	33.7 (44%)	117,841	12.1	22.40	9.82	0.15
21/22	753.0	714.1	67.9	34.3 (50%)	138,369	12.2	20.41	10.31	0.18
YOY % change	+6.6%	+5.6%	+13.1%	-1.8%	+8.0	-0.8%	+9.8%	-4.8%	-16.7%

The table above shows the NIC's energy management data.

The comparison of the 2021/22 and the 2022/23 financial years shows that the Commission's pumped electricity cost increased by 6%, while there was an approximately 2% decrease in water produced with the use of energy. The increase in pumped electricity cost resulted from a 14% rate increase in the average cost per kWh of energy from JPSCo.

There was a 16.7% energy efficiency improvement due to energy source substitution with solar photovoltaic systems and other technologies.

The cost to pump one cubic metre (m3) of water increased by 9.8%, while the overall unit energy cost decreased by 4.8%.

The table below shows that the energy unit met five of six Key Performance Indicators.

Key Performance Indicators Status

Performance Indicator/Output Measures	Measure	Target	Actual	Variance	Comment
Energy Use Avoided	%	6	8.73	+2.73	Target achieved
Energy Generated from Renewables	%	4	4.74	+0.74	Target achieved
Energy Cost Avoided	%	14	15.36	+1.36	Target achieved
Staff Development Certification (Training)	#	2	2	0	Target achieved
Reduction in Water Loss from energy saving initiatives	%	10	13.01	+3.01	Target achieved
# of Projects Implemented	#	2	1	-1	Target not achieved

Solar Retrofit Projects

A total of 220kW of solar photovoltaic (PV) capacity was installed increasing the NIC's total renewable energy capacity to 750kW. The newly installed systems include a 120kW solar retrofit of the Little Park F3 Pump Station in St. Elizabeth, funded by GoJ, and a 30kW solar retrofit of the Little Park F3 Station, funded by grant. This brings the total solar PV capacity installed at the Little Park Pump Station to 350kW.

A 200kW solar retrofit of the Little Park F3 Pump Station contracted in the financial year (F/Y) but not completed. This system is projected to generate 342-Megawatt Hour (MWh) of energy and further reduce the NIC's energy cost by \$7.8M JMD annually.

Operations

Drainage

The drainage operations focus on a schedule of rivers and canals that mitigate the risk of flooding in the Upper and Lower Morass areas of St. Elizabeth. The table shows the performance and compares the previous F/Y. There was a 10% reduction in the distance cleaned compared to the previous F/Y. This was as a result of protracted rains and wet underfoot conditions that prevented the use of machinery in some of the areas as well as equipment down time.

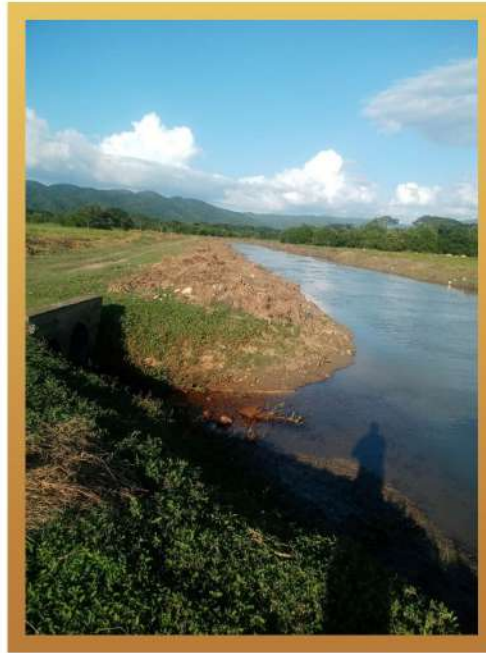
There are twenty-five (25) canals/rivers and drains that were cleaned, benefiting approximately 1000 residents.

Drain Operations			
Activity	Distance Meter (M)		Percentage change
	2022/23	2021/22	
Mechanical and boat-aided cleaning	72,700	105,920	-45.69%
Manual cleaning	80,467	63,720	20.81%
Total	153,167	169,640	-10.75%



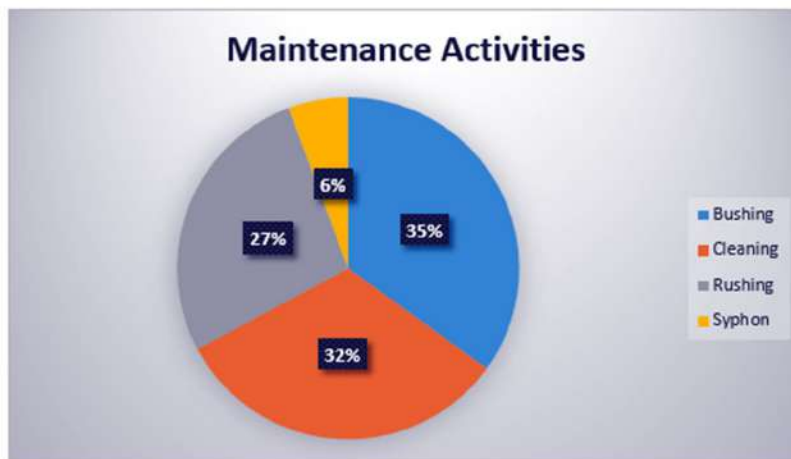


*Grass River
Before Cleaning*



*Grass River
After Cleaning*

Operation and maintenance have been the mediums used to the extend life of aging infrastructure. The pie chart below shows how this was done through the respective activities. Bushing, cleaning and rushing accounted for the largest percentage of the tasks.



Maintenance Activities for Regions with Canal Networks (Eastern and Central regions).

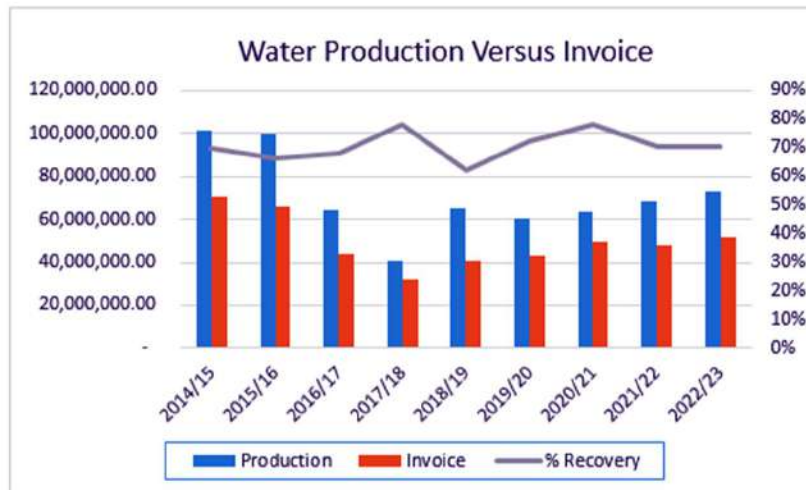
Water production was driven by customer demand; the department produced 72.93 million cubic metre (Mm³). Of this 70% was invoiced, in line with the strategic target.

SUMMARY PRODUCTION VERSUS INVOICING BY DISTRICT APRIL 2022 - MARCH 2023

Location	Pump Hours	Produced (m ³)	Aquifer Recharge & Demo Plot Delivered	Invoiced (m ³)	Prepayment	%Age Invoice
Sandy Bay	2,213.50	510,570.00		3,578,569.03		78.41%
Thetford	1,933.00	446,220.00				
Bowers	1,569.50	125,490.00				
Bodles #2	8,161.50	3,481,885.00				
Freetown #1 & #2						
TOTAL (ST. DOROTHY)	13,877.50	4,564,165.00		3,578,569.03	-	
Colbeck	1,440.00	296,100.00		265,163.49		89.55%
Spring Village	9,359.50	1,645,934.00		21,986,500.65	1,588,030.95	73.87%
Innswood	42.00	25,967.70				
Blocks A & E, Bernard Lodge	14,060.00	2,855,030.00				
Blocks B & C-Bernard Lodge	9,666.50	991,230.00				
Artificial Aquifer Recharge			5,239,196.10			
Rio Cobre Open Canal		33,489,167.42				
TOTAL(RIO COBRE)		39,007,329.12		21,986,500.65		
Amity Hall	1,703.45	249,670.00		235,604.00		94.37%
Plantain Garden River (PGR)	36.50	2,135.00		1,957.00		91.66%
YALLAHS/YALLAHS IDB						
Phillipsfield/Heartease/Norris	5,979.00	1,360,530.00		1,046,915.32		76.95%
Spring Garden	1,513.90	86,132.80		87,624.80		101.73%
TOTAL (EASTERN REGION)	24,550.35	45,566,061.92	5,239,196.10	27,202,334.29	1,588,030.96	74.68%
Monymusk (Heathfield #2, Shallow Pasture #4, Parnassus Blue)	4,408.75	360,277.99		351,810.00		97.65%
New Forest/Duff House/Plumwood/Lane	11,678.58	2,956,389.80		2,373,239.00	529,343.65	98.18%
Spring Plain/St. Jago/Ebony Park Deep Well/Jungle West/Harmons Well	6,912.17	3,057,639.76		10,164,199.02		
Vernamfield	1,996.82	977,010.00				
Mid Clarendon (Pumps)	13,942.41	3,772,621.13				
Mid -Clarendon River		4,061,440.13				
Mid-Clarendon (Old Milk River)		2,598,673.68				
SUB-TOTAL (canal system less washout)		9,781,568.09				
TOTAL (CENTRAL REGION)	38,938.73	17,132,885.64		12,889,248.02	529,343.65	78.32%
TOTAL (CENTRAL REGION) less						
Monymusk Estate	34,529.98	16,772,607.65		12,537,438.02	529,343.65	77.91%
Hounslow	11,325.91	6,665,800.60		5,787,402.76	636,189.57	96.37%
Hounslow Demonstration Plot			7,064.00			
Beacon/Little Park	13,231.56	2,814,050.00		2,163,711.00		77.14%
Braco	2,933.00	685,597.00		529,956.21	63,618.96	86.90%
Braco Demonstration Plot			2,189.00			
Seven Rivers		72,152.18		69,297.00		96.04%
Holland Estate (Drainage)	125.10	901.00		901.00		100.00%
TOTAL (WESTERN REGION)	27,615.57	10,237,599.78	9,253.00	8,551,267.97	706,877.30	90.52%
TOTAL (WESTERN REGION) less Holland Estate	27,490.47	10,236,698.78	9,253.00	8,550,366.97	706,877.30	90.51%
OVERALL including Monymusk & Holland Estates	91,104.65	72,936,547.34	5,248,449.10	51,467,102.19	2,824,251.91	70.56%

Production vs Invoicing

The graph below highlights the year on year change in water production, invoicing and recovery.



Water Produced v/s Invoicing Over Nine Years.

Mechanical/Civil/Electrical

Civil activities focused on supporting the Operations team by carrying out maintenance works and 98% of all issues were rectified.

The preventative maintenance programme by the Electrical/Mechanical units continues to serve the Commission well, with all the targets being achieved. The response to corrective maintenance issues met the target of 90%.

A significant activity involved the procurement and replacement of a well pump at the F3 Pump Station at Beacon/Little Park, St. Elizabeth which resulted in increased water production to meet customer demand.

Security

The protection of the Commission's assets continues to be a priority. The installation of security apparatus and the training of staff were some of the initiatives adopted to enhance the safety and security of staff and property.

Based on the systems implemented, there was a 66% reduction in security cases compared to the previous year.



JOHN'S ROAD CANAL

COMMERCIAL OPERATIONS

The Commission continues to implement strategies to expand customer base, maximize collection of revenue and ensure continued customer satisfaction.

Customer Service Improvements

As part of the NIC's efforts to improve service levels and to respond to the needs of customers, the following were implemented:

- Online applications facilitated via the NIC website
- Customer Engagement Forums
- Ramp Facility established at the Clarks Town Pumping Station in Trelawny
- Ninety-Six (96) customers were added with a corresponding 970 hectares

Customer Profile - Customer

Status of NIC Customers as at March 31, 2023.

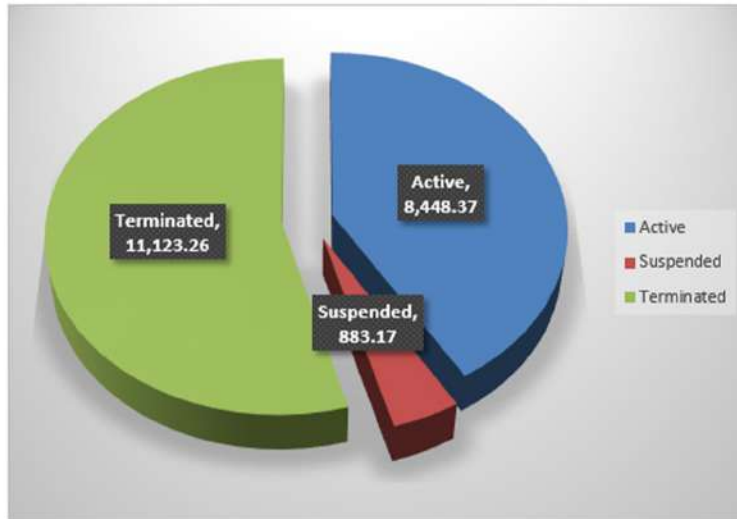
Status	Hectares	% Hectares	Customers	% Customers
Active	8,448.37	41.30%	2,801	54.22%
Suspended	883.17	4.32%	218	4.22%
Terminated	11,123.26	54.38%	2,147	41.56%
Total	20,454.80		5,166	

Analysis of Active, Suspended and Terminated Customers.



Customer Profile - Lands

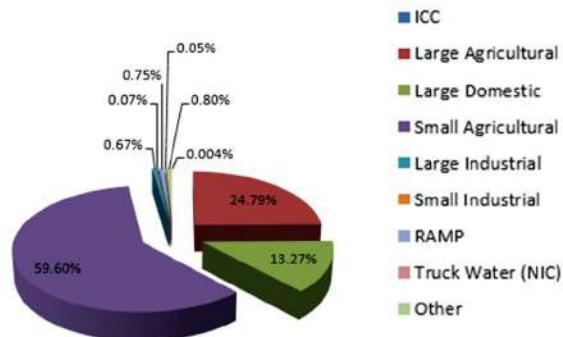
Analysis of Distribution of Irrigated Lands.



Water Sales

The Commission supplied approximately 49 million cubic metres of water during the year; 84% to agricultural users and 16% to 'Other'. For the period, water sales volume totalled \$48, 709, 744.33 cubic metre as shown in the table below:

NIC - CUSTOMER BASE: Y-T-D: March 31, 2023		
Customer Type	% of Sale	Cubic Metres Sold
ICC	0.004%	1,940.00
Large Agricultural	24.79%	12,076,411.54
Large Domestic	13.27%	6,462,180.00
Small Agricultural	59.60%	29,032,197.05
Large Industrial	0.67%	324,233.00
Small Industrial	0.07%	33,374.00
RAMP	0.75%	363,775.35
Trucked Water	0.05%	25,979.75
Other	0.80%	389,653.63
Total	100.00%	48,709,744.33



STRATEGIC PLANNING

Strategic Planning continues to be at the forefront of the Commission's thrust to ensure the implementation of corporate objectives, operational plans and performance monitoring.

Strategic Business Plan Week

In keeping with the objective to cascade the strategic plan throughout the Commission, a Corporate Strategic Business Plan (CSBP) Week was hosted, including a CSBP Quiz Competition held in September 2022. The week of activities engaged and sensitised staff on the alignment of corporate goals, objectives and targeted initiatives for implementation of departmental, operational and individual work plans.

Strategic Planning Retreat

The Commission hosted a Strategic Planning Retreat for the Executive Management team in October 2022. The hybrid session focused on identifying performance gaps and solutions to be implemented over the period 2023 – 2027.

2023-2027 Corporate Strategic Business Plan

In keeping with the Public Bodies Management and Accountability Act, the 2023 - 2027 Corporate Strategic Business Plan was approved and submitted to the Ministry of Agriculture and Fisheries (MoAF) within the stated timeline. The plan sets out the targeted activities and initiatives that significantly contribute to the MoAF programme - 'Building more for the agricultural sector through innovation, resilience and sustainability'.

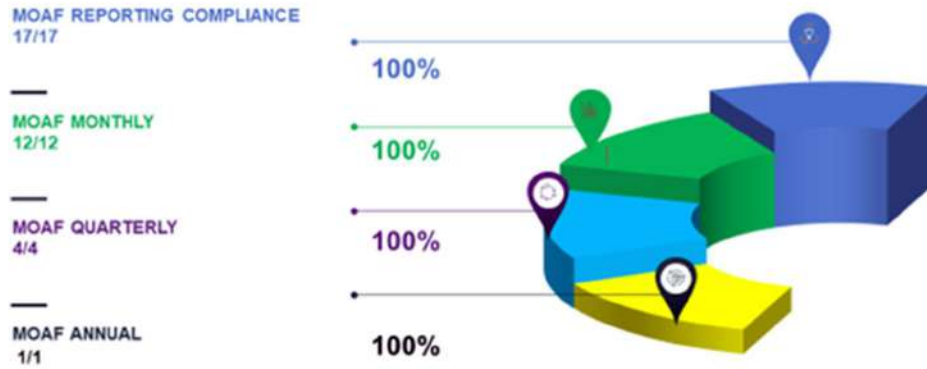
Performance Management

In alignment with the Office of the Cabinet's Public Sector Transformation and Modernization Programme, the Commission executed a Performance Management Roundtable for senior executives. This initiative looked at issues and challenges in the conduct of individual performance assessments using the GOJ's Performance Management & Appraisal System, specifically the alignment of corporate goals and objectives to departmental and unit operational plans. The Management Institute for National Development facilitated the session.

Corporate Reporting

The Commission was compliant with the submission of monthly, quarterly and annual reports to the MoAF in keeping with the Medium-Term Strategic Policy Framework.

The diagram below represents NIC's corporate reporting compliance for FY 2022/23.



PROJECTS

The expansion of irrigation services remains a strategic priority of the Commission. A key target is to increase the area under irrigated agriculture by 3,263 hectares by the year 2027. To achieve this, two (2) irrigated agriculture development projects have been implemented and three (3) are in the pre-implementation stage.

Key achievements include:

Essex Valley Agricultural Development Project (EVADP)

- Climate Vulnerability Assessment (CVA) was completed.
- Provider was contracted to supply meters, handheld readers and associated software.
- The Renewable Energy Systems/ Energy Efficiency Systems with backup power was contracted.
- Gender-Responsive Guidelines for Mainstreaming Economic Inclusion of Vulnerable Groups in Agriculture; and Gender-Responsive Training Manuals for Farmers' Group were completed.
- The contract for the supply of pipes, fittings and appurtenances was merged with the installation of pipelines, rehabilitation of roads and drainage contract. In addition to the merger, the revised contract was negotiated and the contractor has commenced installation.

Southern Plains Agricultural Development Project (SPAD)

- Abstraction licenses approved by the Water Resources Authority (WRA), for three (3) replacement wells in Parnassus.
- Rehabilitation of roads connecting the existing and new agro parks in Amity Hall/Bridge Pen has been completed.
- An operations manual for a Matching Grant Scheme to be administered by the Agro-Investment Corporation has been developed.
- A final draft framework document for 700 stakeholders was completed for Capacity Building in Climate Smart Agriculture and Best practices, in partnership with HEART Trust NSTA and RADA.
- Commencement of the execution of contract for supply & installation of pipelines, fittings & meters/construction of roads, and drains at Amity Hall/Bridge Pen.

Pedro Plains Agricultural Development Project

- Updated the preliminary engineering design.
- Established the final alignment for the trunk main.
- Finalized the location and size of parcels required for the reservoirs and pump stations.

Project development work continued on an additional three (3) irrigated agriculture projects:

1. Yallahs West, St. Thomas
2. Lucky Hill Pen, St. Mary
3. Lennox/Lower Leyton, Portland

Table showing implementation for three (3) projects being executed.

Project Title	Est. Cost *(mil)	Funding Source & Net Area	Status	Executing Agencies
Essex Valley Agricultural Development Project (EVADP)	£35.6	UK-CIF 810 ha	Expected project completion date - June 2023.	MoAF, NIC, Agro Investment Corporation (AIC), Rural Agricultural Development Authority (RADA)
Southern Plains Agricultural Development Project (SPADP)	£17.13	UK-CIF/GOJ (GA 57/JAM) 795 ha	56% of project executed. Project completion date - June 30, 2023. Further extension to March 2024 has been granted.	MOAF, NIC, AIC

Irrigated Agriculture Projects under Development

Three major irrigation projects are being developed across the island.

Table Showing Projects Currently under Development

Project Title	Estimated Costs (J\$M)	Project Area (ha)	Status	Number of farmers
Yallahs West, St. Thomas	365.0	168	Groundwater reconnaissance study completed. Sites for exploratory Core hole drilling identified and Consultant selected to undertake work. Water Resources Authority (WRA) engaged to assess limestone aquifer and supervise drilling.	120

Project Title	Estimated Costs (J\$M)	Project Area (ha)	Status	Number of farmers
Lucky Hill Pen, St. Mary	1,183.0	623	<p>Contour mapping of project area completed.</p> <p>Consultant engaged to conduct exploratory Borehole drilling of two (2) sites.</p> <p>Water Resources Authority (WRA) engaged to assess limestone aquifer and supervise drilling.</p>	95
Lennox/Lower Leyton, Portland	282.0	126	Project Proposal approved by the PIAB to further develop project	62



THE RIO COBRE DAM

PUBLIC RELATIONS

The Commission continued its implementation of strategies to maintain a positive public image and create public awareness while establishing and maintaining relationships with all stakeholders.

Exhibitions were staged at major agriculture shows and select career related events. Information sessions were held to sensitise the public, including a focus on youth and women in agriculture, as well as persons with disabilities and other vulnerable groups.

External Communication

There was an increased use of internet-technologies to communicate with external stakeholders, including social media, email and the website.

Instagram and Facebook experienced the highest levels of engagement from our stakeholders with increased numbers of followers and content interaction. Traditional media, such as newspapers, Smart Messaging Systems (SMS), radio and television were also utilized.

Internal Communication

Internal communication was improved through the timely updating of the NIC's Internal Network, publication of quarterly E-Newsletters and specially labelled Information Days to highlight key activities and milestones about the Commission's operations and services.

Media Coverage

The Commission promoted its operations, services and accomplishments in print and broadcast media. The coverage highlighted drought mitigation strategies, climate-smart technologies, and the implementation of major irrigation projects.

Brand Visibility

The Commission participated in all major agricultural events:

1. St. Mary Agri-Fest
2. Denbigh Agricultural, Industrial and Food Show
3. Hague Show
4. Kingston and St. Andrew Agricultural, Industrial and Food Show
5. National World Food Day Exhibition
6. National World Water Day Exhibition
7. Eat Jamaican Day Expo
8. Minard Livestock and Beef Festival
9. World Soil Day Expo
10. National 4-H Achievement Show

INTERNAL AUDIT

The Commission's Internal Audit unit, guided by the FAA Act, provided assurance that risk management, governance and internal control processes were in place to ensure economy, efficiency and effectiveness of the NIC's operations.

The internal control processes were reviewed to evaluate the adequacy and effectiveness of the controls. The associated risks were assessed to determine the impact on the processes, and to identify mitigating factors to keep the risks at an acceptable level. The compliance with the applicable statutes, regulations and guidelines was appraised. The reports focused on operational and financial activities and the findings, as well as recommendations to address the issues presented.

FINANCE AND CORPORATE PLANNING

The Commission continued to maintain its financial management systems that provide accurate, reliable, timely and relevant information ensuring optimal utilisation of financial resources to support service delivery.

Financial Summary

The Commission recorded a surplus of One Hundred and Forty Nine Million, Nine Hundred and Nineteen Thousand Three Hundred and Sixty Seven Dollars (\$149.92M) for the reporting period.

Revenue

Total income was \$2.43B, which represents an increase of \$255M compared to the previous year's income of \$2.18B. This was due primarily to an increase in the GOJ subvention of \$245.25M along with an increase in water sales of \$19.61M for the year-to-year comparative.

The table below provides a breakdown of the revenue items.

Revenue Items	Actual YTD (M)	Budget YTD (M)	Difference	Actual	Variance
Interest	0.34	0.14	0.19	0.0%	132.4%
Other Income	46.65	3.81	42.85	1.9%	1125.0%
Drainage Fees	1.24	1.24	-	0.1%	0.0%
Water Sales	593.72	624.51	(30.79)	24.4%	(4.93)%
GOJ Subvention	1,789.17	1,797.70	(8.53)	73.6%	-0.5%
Total	2,431.11	2,427.39	3.72	100.0%	

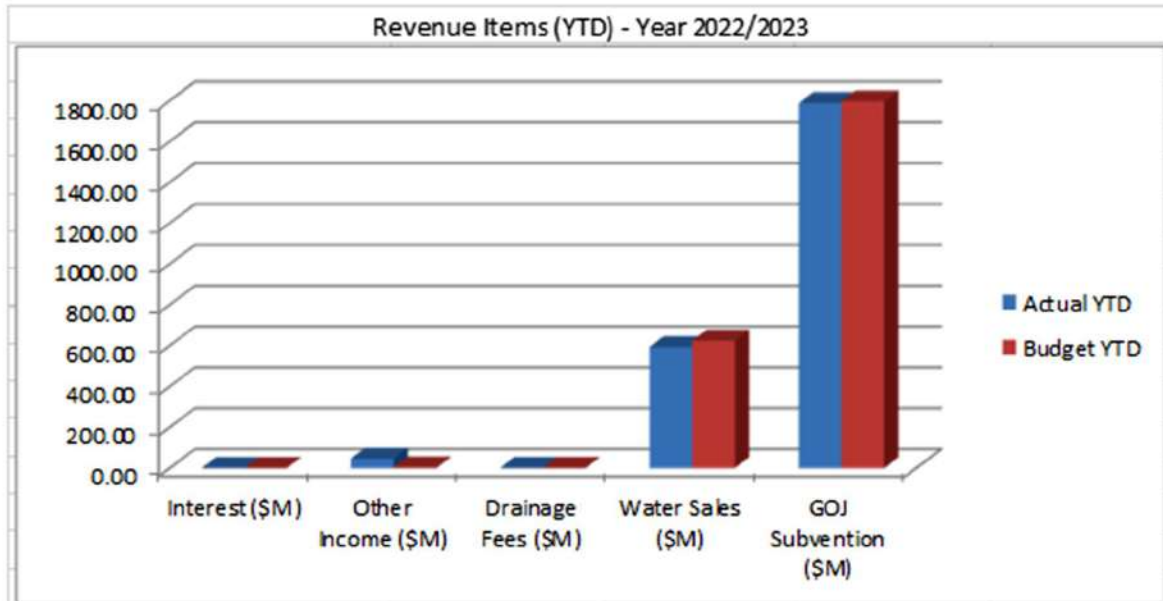


GOJ Subsidy

Government of Jamaica (GOJ) subsidy amounted to \$1.79 billion or 73.6% of total revenue. This was below the budgeted figure of \$1.78 billion by \$8.53 million.

Water Sales & Drainage Charges

Revenue from water sales and drainage charge marginally increased during the year, to \$594.96 million from the previous year's figure of \$594.36 by \$0.60 million.



The Commission also received funding of \$176.37M under its 'Rehabilitation & Maintenance of Irrigation Infrastructure' programme, and was able to maintain effective and reliable services to its customers through the following procurement activities:

- Fleet vehicle replacement,
- Replacement of obsolete/aged computer hardware,
- Software upgrade,
- Variable frequency drives,
- Security systems at several of its operational sites.

Operating Expenditure

Total expenses were \$2.43B; an increase of \$270.09M over the previous year's amount of \$2.16B.

The Commission's cost to produce and distribute water to farm gates amounted to \$1.80B; with an increase of \$97.84M compared to \$1.70B in the prior year. Electricity pumping costs accounted for \$781.12M, reflecting an increase of \$68.32M over the previous year's figure of \$712.81M. As part of its energy management initiatives, the Commission completed the solar project for the Beacon E-Pump System in St. Elizabeth.

Process Improvement and Reporting Systems

During the year the Commission continued the utilization and improvement of automated systems and processes for its financial activities and reporting, to include:

Automated System	Process/Activity
Payables Management Microsoft GP	Management of Payments to Suppliers and Payees
Customer Relationship Management System(CRMS)	Preparation of Receipts utilizing the Cashiering Module for integration with Billing system
ReceiptPro	Receipt preparation for Revenue and Miscellaneous Income
Biz pay	Payroll preparation for all staff
Inventory and Fixed Asset - Microsoft GP	Recording of acquisitions/disposals and management of the utilization of items for maintenance of conveyance systems

Major achievements include:

- The successful processing of payments in accordance with the Government of Jamaica's Compensation Restructure Programme in March 2023.
- Governance Statutory Reporting Compliance for:
 - Integrity Commission Quarterly Reports
 - Withholding Taxation Filing and Returns
 - Annual External Audit

Procurement Activities

The procurement and delivery of goods and services to support the operations of the NIC, were completed within the guidelines of the Handbook of the Government of Jamaica Procurement Policies and Procedures and the Procurement Act, 2015.

The table below shows the major procurement activities (completed/contracts awarded) for the year.

PROCUREMENT ACTIVITY	LOCATION/REGION
Supply, Install & Commission 200kW Solar PV System	F2 Little Park Pump Station, St. Elizabeth
CCTV Security System	Ebony Park Pump Station, Clarendon
Two (2) Pick-up Trucks	Operations Centre, Spanish Town

17000 Litres Water Truck	Operations Centre, Spanish Town
Short Set Vertical Lineshaft Turbine Pump, Vertical Hollow Shaft Motor, VFD	Port Henderson Relift #2 Pumping Station, St. Catherine
Variable Frequency Drive	Heartease Pump Station, St. Thomas
Variable Frequency Drive (VFD)	Vernamfield Pump Station, Clarendon
Supply and Installation of Perimeter Security (Chain-link & Electric) Fencing and CCTV Security System	Parnassus Pump Station, Clarendon
Supply, Installation & Commissioning of CCTV Security System	Beacon E and Little Park F3 Pump Station, St. Elizabeth

National Irrigation Commission Limited

Financial Statements

March 31, 2023



National Irrigation Commission Limited

Statement of Financial Position

March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

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INDEPENDENT AUDITORS' REPORT

To the Members of

National Irrigation Commission Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Irrigation Commission Limited ("the company"), which comprise the statement of financial position as at March 31, 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at March 31, 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS 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.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of

National Irrigation Commission Limited

Report on the Audit of the Financial Statements

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of

National Irrigation Commission Limited

Report on additional matters as required by the Jamaican Companies Act

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

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

Other Matter

The financial statements of the Commission for the financial year ended 31 March 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 20 July 2022.



Chartered Accountants
Kingston, Jamaica
July 17, 2023

National Irrigation Commission Limited

Statement of Financial Position March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

	Notes	2023	2022
CURRENT ASSETS			
Cash and cash equivalents	4	308,819,136	269,477,324
Investments	5	3,594,039	3,486,805
Accounts receivable	6	265,427,415	164,813,055
Inventories	7	95,359,121	86,371,086
Income tax recoverable		15,422,370	29,343,430
Current portion of long-term receivables	8	12,639,455	13,044,691
Total current assets		701,261,536	566,536,391
NON-CURRENT ASSETS			
Long-term receivables	8	40,370,174	30,541,123
Employee benefit asset	9(a)	24,154,004	-
Intangible asset	10	11,396,749	12,821,343
Property, plant and equipment	11	1,575,221,787	1,522,248,105
Total non-current assets		1,651,142,714	1,565,610,571
Total assets		2,352,404,250	2,132,146,962
CURRENT LIABILITIES			
Accounts payable and accrued charges	12	420,869,588	432,067,464
Government of Jamaica project advances	13	278,061,939	158,158,959
Total current liabilities		698,931,527	590,226,423
NON-CURRENT LIABILITIES			
Deferred credit	14	815,351,727	824,644,910
Employee benefits obligation	9(a)	-	29,074,000
Total non-current liabilities		815,351,727	853,718,910
Total liabilities		1,514,283,254	1,443,945,333
EQUITY			
Share capital	15	100	100
Capital reserve	16	408,130,161	408,130,161
Accumulated surplus		429,990,735	280,071,368
Total equity		838,120,996	688,201,629
Total liabilities and equity		2,352,404,250	2,132,146,962

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

The financial statements were approved for issued by the Board of Directors on 17 July 2023 and signed on its behalf by:


Chairman
Nigel Myrie


Director
Theresa Turner-Flynn

National Irrigation Commission Limited

Statement of Profit or Loss and Other Comprehensive Income Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

	Notes	2023	2022
Operating revenue			
Water sales and drainage charges		594,554,475	574,948,655
Government Grant			
Government of Jamaica subsidy on behalf of farmers	17	1,789,168,000	1,543,917,389
Other Government of Jamaica contribution		-	20,000,000
		2,383,722,475	2,138,866,044
Cost of producing water and distributing it to farm gates	19	(1,800,329,085)	(1,676,207,965)
Gross operating surplus		583,393,390	462,658,079
Amortisation of deferred credit	14	63,259,697	55,705,653
Other income	18	46,654,644	35,778,019
Impairment recovered on financial assets	6(iii)	12,195,291	11,328,834
Administrative expenses	19	(627,926,557)	(481,958,020)
Surplus before net finance income and taxation		77,576,465	83,512,565
Net finance income	20	335,936	387,743
Surplus before taxation		77,912,401	83,900,308
Taxation	21	(1,523,034)	-
Surplus for the year	22	76,389,367	83,900,308
Other comprehensive income			
<i>Item that will never be reclassified to profit or loss</i>			
Remeasurement of employee benefits being total other comprehensive income	9(f)	73,530,000	45,382,000
Total comprehensive income for the year		149,919,367	129,282,308

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

National Irrigation Commission Limited

Statement of Changes in Equity Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

	Share capital Note 15	Capital reserve Note 16	Accumulated surplus	Total
Balances at April 1, 2021	100	408,130,161	150,789,060	558,919,321
Total comprehensive income for the year				
Surplus for the year	-	-	83,900,308	83,900,308
Other comprehensive income				
Remeasurement of employee benefits	-	-	45,382,000	45,382,000
Total comprehensive income for the year	-	-	129,282,308	129,282,308
Balances at March 31, 2022	100	408,130,161	280,071,368	688,201,629
Total comprehensive income for the year				
Surplus for the year	-	-	76,389,367	76,389,367
Other comprehensive income				
Remeasurement of employee benefits	-	-	73,530,000	73,530,000
Total comprehensive income for the year	-	-	149,919,367	149,919,367
Balances at March 31, 2023	100	408,130,161	429,990,735	838,120,996

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

76,389,367

National Irrigation Commission Limited

Statement of Cash Flows Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

	Notes	2023	2022
Cash flows from operating activities			
Surplus for the year		77,912,401	83,900,308
Adjustments:			
Depreciation	11	95,727,899	86,982,211
Amortisation of intangible asset	10	1,424,594	332,639
Inventory provision		(1,135,826)	(6,339,602)
Impairment reversal of trade receivables	6(iii)	(12,195,291)	(11,328,834)
Amortisation of deferred credit	14	(63,259,697)	(55,705,653)
Employee benefits		20,301,996	33,067,000
Interest income	20	(335,936)	(387,743)
		<u>118,440,140</u>	<u>130,520,326</u>
Decrease/(increase) in current assets			
Investments		(107,234)	(66,052)
Accounts receivable		(88,419,069)	39,559,388
Inventories		(7,852,209)	23,804,990
Income tax recoverable		19,979,278	(43,112)
(Decrease)/increase in current liabilities			
Accounts payable and accrued charges		(11,197,876)	(63,188,252)
Government of Jamaica project advances		<u>119,902,980</u>	<u>44,604,109</u>
		<u>150,746,010</u>	<u>175,191,397</u>
Net cash provided by operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(150,136,053)	(293,859,128)
Sale of property, plant and equipment		1,434,471	
Purchase of intangible assets	10	-	(3,326,390)
Long-term receivables		(9,423,815)	1,163,723
Interest received		335,936	387,743
Taxation paid		(7,581,251)	-
		<u>(165,370,712)</u>	<u>(295,634,052)</u>
Net cash used by investing activities			
Cash flows from financing activities			
Deferred credit, being net cash provided by financing activities	14	<u>53,966,514</u>	<u>201,660,419</u>
		<u>39,341,812</u>	<u>81,217,664</u>
Net increase in cash and cash equivalents		<u>269,477,324</u>	<u>188,259,660</u>
Cash and cash equivalents at beginning of the year			
Cash and cash equivalents at end of the year		<u><u>308,819,136</u></u>	<u><u>269,477,324</u></u>

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

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

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 of Jamaica. The principal schemes currently in operation are Hounslow, Braco, Mid-Clarendon, Rio Cobre, Yallahs, Beacon/Little Park, Seven Rivers, Colbeck, St. Dorothy, New Forest, Yallahs IDB, Plantain Garden River and Amity Hall.
- (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

2.1 Statement of Compliance

The Commission's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS), (2022: IFRS and IPSAS) and their interpretations issued by the International Accounting Standards Board and the relevant requirements of the Acts. There was no material impact on the Financial Statements arising from that change.

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

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year then ended. Actual results could differ from these estimates.

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

There are no significant assumptions and judgements applied in these financial statements that carry a risk of material adjustment in the next financial year.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

2.2 Amendments to IFRS that are mandatorily effective for the current year

In the current year the Commission has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the accounting period that begins on or after 1 January 2022.

The application of these amendments has not had any impact on the amounts reported or the presentation and disclosures in these financial statements but may impact the accounting for future transactions and arrangements.

		Effective for annual periods beginning on or after
	<u>Amendments to Standards</u>	
IAS 16	<i>Property, Plant and Equipment</i> - Amendments prohibiting deducting from cost of an item of PP&E, the proceeds from selling items produced while the entity is preparing the asset for its intended use.	January 1, 2022
IAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets</i> - Amendments regarding the cost to include when assessing whether a contract is onerous.	January 1, 2022
IFRS 3	<i>Business Combinations</i> - Amendments updating an outdated reference to the <i>Conceptual Framework</i> in IFRS3 without significantly changing the requirements of the standard.	January 1, 2022
IFRS 16	<i>Leases</i> - Amendment extending by 1 year the May 2020 amendment providing lessees with an exemption for assessing whether a COVID-19-related rent concession is a lease modification.	April 1, 2021
IFRS 1, 9, 16, IAS 41	<i>First Time Adoption of IFRS; Financial Instruments; Leases; Agriculture</i> - Amendments arising from 2018 – 2020 Annual Improvements to IFRS • Amendment permitting a subsidiary that applies IFRS1 paragraph D 16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parents, based on the parent's date of transition to IFRS.	January 1, 2022

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

2.2 Amendments to IFRS that are mandatorily effective for the current year (cont'd)

<u>Amendments to Standards</u>	Effective for annual periods <u>beginning on or after</u>
IFRS 1, 9, 16, IAS 41	January 1, 2022
<i>First Time Adoption of IFRS; Financial Instruments; Leases; Agriculture (cont'd)</i> <ul style="list-style-type: none"> • Amendment clarifying which fees an entity (as borrower) includes when it applies the 10% test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. Only fees paid or received between borrower and lender or on their behalf is included. • Amendment to the illustrative example 13 accompanying IFRS 16 to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how it is illustrated in that example. • Amendment removing the requirement in paragraph 22 of the standard for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. 	

2.3 New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards, Interpretations and amendments thereto were in issue but were not effective or early adopted for the financial period being reported on:

<u>New Standards</u>	Effective for annual periods <u>beginning on or after</u>
IFRS 17	January 1, 2023
Insurance Contracts <ul style="list-style-type: none"> - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published. - Amendment permitting entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied previously to that financial asset. 	January 1, 2023 January 1, 2023 When IFRS 17 is first applied
<u>Revised Standards</u>	
IFRS 4	January 1, 2023
Insurance Contracts <ul style="list-style-type: none"> - The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 to annual periods beginning on or after January 1, 2023. 	

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

2.3 New and revised IFRS in issue but not yet effective (continued)

		Effective for annual periods beginning on or after
<u>Revised Standards</u> (cont'd)		
IFRS 16	Leases	
	- Lease liability in a sale and leaseback: Amendment clarifying how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 (Revenue from Contracts with Customers) to be accounted for as a sale.	January 1, 2024
IAS 1	Presentation of Financial statements	
	- January 2020 amendments regarding the classification of liabilities as current or non-current.	January 1, 2024
	- October 2022 amendment deferring the effective date for the January 2020 amendments by 1 year to January 1, 2024.	
	- Non-current liabilities with covenants: Amendment clarifying how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	January 1, 2024
IAS 1 and IFRS Practice Statement 2	- Amendments regarding the disclosure of accounting policies.	January 1, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	
	- Amendments regarding the definition of accounting estimate.	January 1, 2023
IAS 12	Income Taxes	
	- Amendments clarifying that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	January 1, 2023

New and Revised Standards and Interpretations in issue not yet effective that are relevant

The Commission has assessed the impact of all the new and revised Standards and Interpretations in issue not yet effective and has concluded that the following are relevant to the operations of the Commission:

- **Amendments to IAS 1: *Classification of Liabilities as Current or Non-current***
In January 2020 and October 2022, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
 - What is meant by a right to defer settlement
 - That a right to defer must exist at the end of the reporting period
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
 - Disclosures

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

2.3 New and revised IFRS in issue but not yet effective (continued)

New and Revised Standards and Interpretations in issue not yet effective that are relevant (continued)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied prospectively.

The Commission is currently assessing the impact the amendments will have on current practice.

- **Amendments to IAS 1: Disclosure of Accounting Policies**

In February 2021, the IASB issued amendments to IAS1 and *IFRS Practice Statement 2 Making Materiality Judgements* with the aim of assisting entities to provide accounting policy disclosures that are more useful by:

- (1) Replacing the requirement to disclose '*significant*' accounting policies with a requirement to disclose '*material*' accounting policies.
- (2) Adding guidance on how to apply the concept of materiality in making decisions about accounting policy disclosures.

Guidance and examples are provided to assist the process of application. Entities will need to consider the size of transactions, other events or conditions and their nature in making the assessment.

The amendments may impact the accounting policy disclosures of entities as judgment is required to determine if accounting policy disclosures are material or not. Careful consideration will have to be given to standardized information or those that only duplicate or summarises the requirements of IFRSs in deciding whether to remove or retain these as material in enhancing the usefulness of the financial statements.

The amendments are effective for annual reporting period beginning on or after January 1, 2023.

The Commission has not yet performed a detailed review of its accounting policies in light of the amendments. The amendments will be applied by the effective date.

- **Amendments to IAS 8: Definition of Accounting Estimates**

In February 2021, the IASB issued amendments to IAS 8 introducing a new definition of accounting estimates. The amendment clarifies the distinction between changes in accounting estimates, changes in accounting policy and the correction of errors. Clarification is also given on how entities use measurement techniques and inputs to develop accounting estimates.

Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The amendments clarify that a change in an input or measurement technique that effect an estimate are changes in accounting estimates if they do not result from correction of prior period errors. Changes in accounting estimates resulting from new information or new developments are not corrections of error as in the previous definition. The amendments include two illustrative examples to assist entities understand how to apply the new definition.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

2.3 New and revised IFRS in issue but not yet effective (continued)

New and Revised Standards and Interpretations in issue not yet effective that are relevant (cont'd)

The amendments apply to changes in accounting policies and changes in accounting estimates and are effective for annual reporting period beginning on or after January 1, 2023.

The amendments are not expected to have a material impact on the Commission's financial statement.

2.4 Basis of preparation

The financial statements are prepared on the historical cost basis, except for investments carried at fair value, and are presented in Jamaica dollars which is the functional currency of the company.

2.5 Use of estimates and judgements:

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

Actual amounts could differ from these estimates.

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

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:

- Employee benefits

The amounts recognised in the statements of financial position and profit or loss and other comprehensive income for employee 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 of Jamaica 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.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

2.5 Use of estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

- Allowance for impairment losses

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit losses (ECL) and selection and approval of models used to measure expected credit losses requiring significant judgement.

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions makes uncertainty inherent in such estimates.

- Residual value and expected useful life of property, plant and equipment

The residual value and the expected useful life of an asset are reviewed at least at each reporting date, and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected value-in-use to the company.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

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 and cash equivalents, investments, accounts receivable and long-term receivables. Financial liabilities comprise accounts payable and accrued charges and Government of Jamaica project advances.

(i) Recognition and initial measurement

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 nor 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.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

(i) Recognition and initial measurement

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

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

(ii) Classification of financial instruments

On initial recognition, the company classifies financial assets as measured at amortised cost or at fair value through profit or loss (FYTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FYTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

All other financial assets of the company are measured at FYTPL.

Business model assessment:

In making an assessment of the objective of the business model in which a financial asset is held, the company considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of the strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the Investment Manager is compensated: e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

(ii) Classification of financial instruments (continued)

Business model assessment: (continued)

The company has determined that it has two business models:

- Held to collect business model: this includes cash and cash equivalents, accounts receivables, resale agreements and long-term receivables. These financial assets are held to collect contractual cash flow.
- Other business model: This includes units in unit trusts which is managed and its performance is evaluated on a fair value basis.

Assessment of whether contractual cashflows are solely payment of principal and interest (SPPI):

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers the following:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- leverage features, that modify consideration of the time value of money such as periodic reset of interest rates;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

(iii) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(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 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.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investments

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

- (i) Securities purchased under resale agreement are short-term transactions whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price. 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 carried at amortised cost less impairment losses. The difference between the purchase and resale consideration is recognised on the accrual basis over the period of the engagement, using the effective interest method.

- (ii) Units held in NCB Capital Markets CAP Funds are measured at fair value through profit or loss.

(d) Property, plant and equipment and depreciation

- (i) Owned assets

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

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

- (ii) Depreciation

Property, plant and equipment, with the exception of capital work-in-progress on which no depreciation is charged, are depreciated using the straight-line method at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Building and leasehold improvements	2½%
Utility plant	1-3%
Furniture, fixtures and equipment	10% and 20%
Motor vehicles	20%
Machinery and equipment	2½%

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

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Capital grants

Grants for acquisition of property, plant and equipment and amounts 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 measured at the lower of cost determined on the first-in-first-out basis and net realisable value. Net realisable value is the estimated recovery value of the items in the ordinary course of business.

(g) Employee benefits

Employee benefits comprise all forms of consideration given by the company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave; post-employments benefits such as pension; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below.

Post-employment benefits, comprising pension 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 asset 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 of Jamaica 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.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Employee benefits (continued)

(i) Defined benefit pension plan (continued)

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) 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 of financial assets

The company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The company measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to action such as realising security if any is held; or
- the financial asset is more than 90 days past due.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of financial assets (continued)

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

- Evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the borrower or issuer;
 - a breach of contract such as a default or past due event;
 - it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
 - the disappearance of an active market for a security because of financial difficulties.
- Presentation of allowance for ECL in the statement of financial position*
- Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the company determines that the borrower or creditor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

(i) Taxation

Income tax on the surplus or deficit 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 equity 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.

(j) Accounts receivable

Accounts receivable are classified and measured at amortised cost, less impairment losses.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 expense as incurred.

(l) Accounts payable and accrued charges

Accounts payable and accrued charges are measured at their amortised 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 company.

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

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

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

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

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition

- (i) Revenue from goods or services is measured at fair value of the consideration received or receivable, net of volume rebates and sales taxes.

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of revenue	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Water sales	Sales are recognised when the company has delivered water to the customer, the customer has accepted the service, and collectability of the related receivables is reasonably assured.	Revenue is recognised at the point in time when water is delivered to customers.
Drainage service	Income is recognised when the company provides drainage service to customers.	Revenue is recognised at the point when the service is delivered.

- (ii) Government subvention

Government subvention is recognised in the profit or loss on a systematic basis over the periods necessary to match them with the related expenses that they are intended to compensate.

(p) Interest income and expense

Interest income is recognised in the statement of profit or loss and other comprehensive income using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

National Irrigation Commission Limited

Notes to the Financial Statements

Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of non-financial assets

At each reporting date, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

(r) Leases

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contracts to each lease component on the basis of its relative stand-alone prices.

The company separated non-lease components and account for the lease and non-lease components separately.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

Assets held under leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

	2023	2022
Cash	65,264	70,146
Bank balances	<u>308,753,872</u>	<u>269,407,178</u>
	<u>308,819,136</u>	<u>269,477,324</u>

Cash includes the amount of \$229,118,678 (2022: \$180,228,895) received for use in specific projects and refund of customers' deposits.

5. INVESTMENTS

	2023	2022
Amortised cost		
Resale agreements (See note (i) below)	1,954,049	1,918,166
Fair value through profit or loss		
Units held in NCB Capital Markets CAP Funds	<u>1,639,990</u>	<u>1,568,639</u>
	<u>3,594,039</u>	<u>3,486,805</u>

- (i) Resale agreements of \$1,954,049 (2022: \$1,918,166) is being held in escrow on behalf of a former employee who died intestate; and is not available to the company for operational use [see also note 12(iv)].
- (ii) At the reporting date, the fair value of underlying securities used as collateral for resale agreements was \$1,926,000 (2022: \$1,887,000).
- (iii) Allowance for impairment loss under IFRS 9 was immaterial for recognition in the financial statements.

6. ACCOUNTS RECEIVABLE

	2023	2022
Trade receivables for water sales and drainage charges (note 25(b)(ii))	178,310,095	145,606,375
Staff loans	8,280,539	9,243,332
		-
SPAD Project	60,361,398	3,935,356
Other receivables	<u>85,044,143</u>	<u>84,792,043</u>
	331,996,175	243,577,106
Provision for impairment losses	<u>(66,568,760)</u>	<u>(78,764,051)</u>
	<u>265,427,415</u>	<u>164,813,055</u>

- (i) Provision for impairment losses is in respect of the following:

	2023	2022
Trade receivables	58,243,635	70,438,926
Other receivables	<u>8,325,125</u>	<u>8,325,125</u>
	<u>66,568,760</u>	<u>78,764,051</u>

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

6. ACCOUNTS RECEIVABLE (CONTINUED)

(ii) The movement in the allowance for impairment losses during the year was as follows:

	2023	2022
Balance as at April 1	78,764,051	90,095,339
Decrease in allowance for impairment	<u>(12,195,291)</u>	<u>(11,331,288)</u>
Balance as at March 31	<u>66,568,760</u>	<u>78,764,051</u>
Direct write-offs during the year	-	(2,454)
Decrease in allowance for impairment	<u>-</u>	<u>11,331,288</u>
Amount recognized in profit or loss	<u>12,195,291</u>	<u>11,328,834</u>

(iii) Staff loan balances are not past due however no expected credit loss has been recognised in these financial statements as the amounts are immaterial.

(iv) Other receivables include deposits on property, plant and equipment of \$25,613,058 (2022: \$22,478,164).

7. INVENTORIES

	2023	2022
Materials and spare parts	95,240,390	88,124,114
Loose tools	<u>17,205,745</u>	<u>16,469,812</u>
	112,446,135	104,593,926
Less: Provision for obsolete inventory	<u>(17,087,014)</u>	<u>(18,222,840)</u>
	<u>95,359,121</u>	<u>86,371,086</u>

8. LONG-TERM RECEIVABLES

	2023	2022
Refundable utility deposits	2,575,379	2,575,379
Employee loans	<u>50,434,250</u>	<u>41,010,435</u>
	53,009,629	43,585,814
Less: Current portion	<u>(12,639,455)</u>	<u>(13,044,691)</u>
	<u>40,370,174</u>	<u>30,541,123</u>

Employee loans are for the purchase of motor vehicles and are repayable over 4-8 years. The interest rate on motor vehicle loans is 0%. The loans are remeasured at commercial bank interest rate and are secured by the respective motor vehicles (see note 25(b) (iii)) on which the loans are outstanding.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

9. EMPLOYEE BENEFITS

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

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

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

	2023	2022
Present value of funded obligation	1,539,182,000	1,870,265,000
Fair value of plan assets	<u>(1,723,290,004)</u>	<u>(1,841,191,000)</u>
(Surplus)/Deficit	(184,108,004)	29,074,000
Unrecognised Asset due to Asset Ceiling	<u>159,954,000</u>	<u>-</u>
(Liability)/Asset recognised in the statement of financial position	<u>(24,154,004)</u>	<u>29,074,000</u>

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

	2023	2022
Balance at beginning of year	29,074,000	41,389,000
Contributions paid	(35,123,000)	(28,285,000)
Pension expense recognised in profit or loss	55,425,000	61,352,000
Remeasurement recognised in other comprehensive income	<u>(73,530,004)</u>	<u>(45,382,000)</u>
Liability/(Asset) recognised in the statement of financial position	<u>(24,154,004)</u>	<u>29,074,000</u>

(c) Movement in the present value of obligation:

	2023	2022
Balance at beginning of year	1,870,265,000	1,803,206,000
Service costs	55,855,000	60,561,000
Interest on obligation	147,231,000	149,043,000
Employees' contributions	35,121,000	37,230,000
Benefits paid	(86,434,000)	(155,724,000)
Annuities purchased	25,509,000	54,133,000
Actuarial (gains)/losses arising from:		
Changes in financial assumptions	(756,639,000)	119,432,000
Experience adjustments	<u>248,274,000</u>	<u>(197,616,000)</u>
Balance at end of year	<u>1,539,182,000</u>	<u>1,870,265,000</u>

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

9. EMPLOYEE BENEFITS (CONTINUED)

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

	2023	2022
Fair value of plan asset at beginning of year	1,841,191,000	1,761,817,000
Employees' contributions	35,121,000	37,230,000
Employer's contributions	35,123,000	28,285,000
Interest income on plan assets	147,661,000	148,252,000
Benefits paid	(86,434,000)	(155,724,000)
Annuities purchased	25,509,000	54,133,000
Actuarial (losses)/gains arising from:		
Change in financial assumptions	(91,799,000)	10,227,000
Experience adjustments	(183,082,000)	(43,029,000)
	<u>1,723,290,000</u>	<u>1,841,191,000</u>

(ii) Plan assets consist of the following:

	2023	2022
International equity fund	102,774,000	128,873,000
Global markets fund	22,087,000	22,686,000
Equity fund	404,630,000	468,893,000
Fixed income fund	52,234,000	51,534,000
Mortgage and real estate fund	316,163,000	297,665,000
Money market fund	43,731,000	36,716,000
Foreign currency fund	280,628,000	312,726,000
Value of purchased annuities	263,244,000	339,081,000
CPI indexed fund	225,994,000	183,017,000
Adjustments	11,805,000	-
	<u>1,723,290,000</u>	<u>1,841,191,000</u>

(e) Expense recognised in profit or loss:

	2023	2022
Current service costs	55,855,000	60,561,000
Interest on obligation	147,231,000	149,043,000
Interest income on plan assets	(147,661,000)	(148,252,000)
	<u>55,425,000</u>	<u>61,352,000</u>
Net pension expense included in staff costs (note 23)		
	<u>55,425,000</u>	<u>61,352,000</u>

(f) Amounts recognised in other comprehensive income:

	2023	2022
Experience adjustments	591,310,000	(154,587,000)
Change in financial assumptions	(664,840,000)	109,205,000
	<u>(73,530,000)</u>	<u>(45,382,000)</u>

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

9. EMPLOYEE BENEFITS (CONTINUED)

- (g) 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 \$10.982 million.
- (h) 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.

	2023		2022	
	1% Decrease	1% Increase	1% Decrease	1% Increase
Discount rate	(107,210,000)	128,172,000	226,490,000	(176,658,000)
Salary growth	42,525,000	(38,505,000)	(59,759,000)	67,470,000
Life expectancy	10,982,000	(11,296,000)	-	-
Pension increases	103,772,000	(92,119,000)	(152,922,000)	176,790,000

- (i) Liability duration:

	2023	2022
Weighted Average Maturity of Obligation	<u>29 years</u>	<u>31 years</u>

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

	2023	2022
Discount rate J\$	13.0%	8.0%
Inflation rate	5.5%	5.0%
Discount rate US\$	10.0%	6.0%
Pay growth	7.0%	6.5%
Administrative expenses	1.0%	1.0%
Funding rate	5.0%	5.0%
Pension increases	<u>3.0%</u>	<u>2.5%</u>

- (k) The company expects to pay \$111,683,000 in contributions to the plan in 2022/2023 (2021/2022: \$62,109,000).

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

10. INTANGIBLE ASSET

	2023	2022
Cost:		
At beginning of year	27,295,899	23,969,509
Additions	<u>-</u>	<u>3,326,390</u>
At end of year	<u>27,295,899</u>	<u>27,295,899</u>
Amortisation:		
At beginning of year	14,474,556	14,141,917
Charge for the year (note 19)	<u>1,424,594</u>	<u>332,639</u>
At end of year	<u>15,899,150</u>	<u>14,474,556</u>
Net book value	<u>11,396,749</u>	<u>12,821,343</u>

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT

	Building & leasehold improvement	Utility Plant	Furniture, fixtures & equipment	Motor vehicles	Machinery and equipment	Capital work-in- progress	Total
Cost							
March 31, 2021	203,619,048	2,171,944,720	252,184,844	82,861,656	27,048,744	190,571,578	2,928,230,590
Additions	39,383,249	95,641,388	17,074,939	23,643,522	82,892,883	35,223,147	293,859,128
Transfers	-	34,927,104	-	-	-	(34,927,103)	-
March 31, 2022	243,002,297	2,302,513,212	269,259,783	106,505,178	109,941,627	190,867,622	3,222,089,718
Additions	31,680,022	44,191,936	28,172,635	13,970,831	-	32,120,628	150,136,053
Disposal	-	-	(123,700)	(1,502,863)	(2,829,510)	-	(4,456,073)
March 31, 2023	274,682,319	2,346,705,148	297,308,718	118,973,146	107,112,117	222,988,250	3,367,769,698
Depreciation							
March 31, 2021	39,578,695	1,366,596,402	154,032,836	44,316,886	8,334,583	-	1,612,859,402
Charge for the year	4,933,771	46,166,521	22,730,789	12,129,874	1,021,256	-	86,982,211
March 31, 2022	44,512,466	1,412,762,923	176,763,625	56,446,760	9,355,839	-	1,699,841,613
Charge for the year	5,914,059	50,857,400	22,880,449	13,398,538	2,677,453	-	95,727,899
Reclassified	-	428,255	-	(428,255)	-	-	-
Elimination of disposal	-	-	(145,246)	(1,502,863)	(1,373,492)	-	(3,021,601)
March 31, 2023	50,426,525	1,464,048,578	199,498,828	67,914,180	10,659,800	-	1,792,547,911
Net book values							
March 31, 2023	224,255,794	882,656,570	97,809,890	51,058,966	96,452,317	222,988,250	1,575,221,787
March 31, 2022	198,489,831	889,750,288	92,496,158	50,058,418	100,585,788	190,867,622	1,522,248,105

- (i) Leasehold improvements with net book value of \$36,040,006 (2022: \$37,687,096) are included in building and leasehold improvements.
- (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.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

12. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	2023	2022
Customer deposits	21,024,441	20,200,012
Trade payables	114,845,341	144,606,423
Accrued vacation leave	55,833,198	58,783,350
Provision for litigation settlement (i)	19,106,841	19,106,841
Education tax payable including interest (ii)	56,681,230	56,681,230
Other accruals (iii)	85,729,137	87,985,832
Other payables (iv)	27,851,352	17,601,373
General Consumption Tax (GCT) payable	39,798,048	27,102,403
	<u>420,869,588</u>	<u>432,067,464</u>

- (i) The movement in the provision for litigation settlement during the year was as follows:

	2023	2022
Balance as at April 1	19,106,841	19,106,841
Amounts settled	-	-
Additional provision recognised	-	-
	<u>19,106,841</u>	<u>19,106,841</u>

- (ii) Education tax payable, including interest, represented amounts owed to the Tax Administration of Jamaica for the periods 2011 to 2018.
- (iii) Other accruals include amounts related to accrued electricity cost and other operating costs. It also includes amounts billed to the company for electricity charges in relation to the Monymusk Bulk Meter and paid for by Sugar Company of Jamaica Holdings Limited aggregating approximately \$79,755,542 (2022: \$79,755,542). The amount to be refunded is subject to agreement.
- (iv) Other payables include \$1,954,049 (2022: \$1,918,166) received from Sagicor Life Jamaica Limited on behalf of former employees who died intestate; this is backed by restricted funds held in investments [note 5(i)].

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

13. GOVERNMENT OF JAMAICA PROJECT ADVANCES

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

	2023	2022
National Irrigation Development Plan (NIDP)		
- implementation	42,705,227	42,705,255
Canal lining and other projects	46,755,669	24,000,130
Covid 19 Relief Water Trucks	(284,747)	(284,747)
Pedro Plains Project	13,253,774	13,930,847
Bodies Research Station Irrigation Rehabilitation	14,532,789	16,792,109
Bodies Domestic Rehabilitation Project	23,192,803	31,500,760
Rain Water Harvesting Project	(11,000)	(11,000)
Government of Jamaica (GOJ) Agricultural		
Productivity Projects	60,487,396	25,266,820
Fishing Beach Projects	4,258,785	4,258,785
Production Incentive fund	70,000,000	-
Yallahs West Project	(1,064,240)	-
Lucky Hill Project	4,235,483	-
	<u>278,061,939</u>	<u>158,158,959</u>

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

14. DEFERRED CREDIT

	Balance at March 31, 2021	Movement during the year	Balance at March 31, 2022	Movement during the year	Balance at March 31, 2023
Grant for acquisition of properly, plant and equipment (net of disposals)	294,498,893		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 gifted by Ministry of Agriculture	1,203,061		1,203,061		1,203,061
Property, plant and equipment transferred from NIDP Project	1,896,725		1,896,725		1,896,725
Property, plant and equipment, other than utility plant, gifted by district irrigation authorities	3,520,295		3,520,295		3,520,295
Utility plant acquired under CDB/IDB project and utility plant of previously unrecorded irrigation authorities capitalised during 1991	141,941,917		141,941,917		141,941,917
Utility plant acquired out of project funds	1,120,164,649	201,660,419	1,321,825,068	53,966,514	1,375,791,582
Revaluation surplus on inventories	1,233,211		1,233,211		1,233,211
Irrigation pipes gifted by Chinese Government	41,993,367		41,993,367		41,993,367
Computers funded by the NIDP Project	14,546,237		14,546,237		14,546,237
Global Positioning System (GPS) units funded by the NIDP Project	854,367		854,367		854,367
Motor vehicle acquired out of NIDP project funds	2,945,000		2,945,000		2,945,000
Motor vehicle gifted by the Ministry of Agriculture and Fisheries	950,000		950,000		950,000
Customer Relationship Management System (CRMS) funded by the NIDP	13,049,961		13,049,961		13,049,961
Expenditure on contracts-in-progress (net of amounts expensed out of GOJ project advances)	61,853,961		61,853,961		61,853,961
	1,701,849,796	201,660,419	1,903,510,215	53,966,514	1,957,476,729
Amortisation transferred to profit or loss	(1,023,159,652)	(55,705,653)	(1,078,865,305)	(63,259,697)	(1,142,125,002)
	678,690,144	145,954,766	824,644,910	(9,293,185)	815,351,727

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

14. DEFERRED CREDIT (CONTINUED)

- (i) 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

	2023	2022
Authorised, issued and fully-paid: 100 ordinary shares at no par value	<u>100</u>	<u>100</u>

16. CAPITAL RESERVE

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

17. GOVERNMENT OF JAMAICA SUBSIDY ON BEHALF OF FARMERS

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

In light of the last review conducted by the Office of Utilities Regulation, the management estimated that the subsidy would need to be \$2.313 billion (2022: \$1.415 billion) in order for the company to deliver irrigation water as required by farmers, in the context of the schemes mentioned in note 1(a). An amount of \$1.974 billion (2022: \$1.703 billion) was approved by Parliament of which \$1.789 billion (2022: \$1.544 billion) was paid to the company.

18. OTHER INCOME

	2023	2022
Amortisation of interest on concessionary loans	15,175,797	10,465,179
Service fees	2,414,376	2,454,544
Fair value gains	1,721,832	42,341
Sales of plants	2,842,333	990,601
Trucking income	17,500,000	-
Miscellaneous income	<u>7,000,306</u>	<u>21,825,354</u>
	<u>46,654,644</u>	<u>35,778,019</u>

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

19. EXPENSES BY NATURE

	2023	2022
Amortisation of intangible asset (note 10)	1,424,594	332,639
Advertising and public relations	13,261,720	9,597,512
Advisory committee fees and related expenses	610,433	599,115
Bank charges	1,044,202	1,275,685
Computer expenses	25,015,357	21,598,856
Depreciation (note 11)	95,727,899	86,982,211
Directors' expenses	3,887,921	4,509,982
Electricity	781,135,446	712,812,960
Equipment hireage	5,324,650	5,022,713
Fuel and lubricants	8,075,782	8,959,597
General expenses	2,848,977	1,803,842
Haulage	3,470,100	2,221,313
Insurance	18,478,603	16,368,812
Interest on concessionary loans	3,222,712	3,528,736
Interest and penalties	38,433	342,222
Inventory provision- obsolete stock	(1,135,826)	(6,339,602)
Maintenance of conveyance system (labour)	132,778,237	140,843,698
Motor vehicle fuel, repairs and maintenance	47,118,776	37,616,346
Office maintenance, rental and property taxes	8,829,228	3,620,622
Office refreshments	6,399,266	3,811,979
Office utilities	23,855,781	19,659,784
Other expenses	18,637,878	24,355,082
Professional fees	19,786,922	25,466,377
Regulatory fees	12,798,741	12,979,375
Repairs to buildings, distribution canals, pipelines and pumps	65,512,020	90,120,449
Salaries, wages and related costs (note 23)	1,054,242,053	863,573,385
Security	37,483,764	32,963,971
Special projects expenses	7,013,698	3,627,611
Stationery	5,011,232	4,123,645
Subscriptions and donations	1,335,644	537,615
Telephone, postage, data, etc.	25,021,399	25,249,453
	<u>2,428,255,642</u>	<u>2,158,165,985</u>
Presented as follows:		
Cost of producing water and distributing it to farms	1,800,329,085	1,676,207,965
Administrative expenses	<u>627,926,557</u>	<u>481,958,020</u>
	<u>2,428,255,642</u>	<u>2,158,165,985</u>

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

20. NET FINANCE INCOME

	2023	2022
Finance income:		
Investments and cash and cash equivalents	70,448	47,621
Other	<u>265,488</u>	<u>340,122</u>
	<u>335,936</u>	<u>387,743</u>

21. TAXATION

- (a) At March 31, 2023, taxation losses amounting to approximately \$283,220,028 (2022: \$166,469,957) 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 maximum amount that can be utilised in any one year is restricted to 50% of the taxable profits for that year.
- (b) Deferred tax asset of approximately \$94,312,269 (2022: \$31,472,068) in respect of taxation losses has not been recognised in the financial statements, due to the uncertainty that taxable profits will be generated within the foreseeable future against which the asset can be realised.

22. SURPLUS FOR THE YEAR

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

	2023	2022
Directors' emoluments		
Fees	2,238,900	2,965,800
Travelling	454,182	372,565
Other expenses	1,194,839	1,171,617
Auditors' remuneration	<u>5,000,000</u>	<u>6,334,500</u>

23. EMPLOYEE NUMBERS AND COSTS

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

	2023	2022
Full-time	203	194
Part-time	4	5
Other	<u>23</u>	<u>26</u>
	<u>230</u>	<u>225</u>

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

23. EMPLOYEE NUMBERS AND COSTS (CONTINUED)

The aggregate payroll costs for these persons were as follows:

	2023	2022
Salaries	682,266,047	516,728,834
Statutory payroll contributions	55,525,221	44,086,258
Pension benefit cost (Note 9(e))	55,425,000	61,352,000
Travel and subsistence upkeep, mileage	201,205,780	181,722,026
Gratuities	6,410,990	2,666,185
Training	7,699,940	4,277,089
Accrued vacation leave	(2,950,152)	8,673,565
Insurance scheme	41,708,312	38,918,971
Staff welfare	6,950,915	5,148,457
	<u>1,054,242,053</u>	<u>863,573,385</u>

24. RELATED PARTY BALANCES AND TRANSACTIONS

Identity of related parties:

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

	2023	2022
Accounts receivable:		
Directors	242,246	292,850
Long-term receivables:		
Employee loans – Key management personnel	<u>2,649,305</u>	<u>3,440,971</u>

Related party balances are interest-free and unsecured, except for long-term receivables.

- (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:

	2023	2022
Compensation paid to other key management personnel::		
Salaries to other key personnel	67,925,399	53,473,024
Post-employment benefits	<u>8,903,000</u>	<u>7,878,000</u>
	<u>76,828,399</u>	<u>61,351,024</u>
Interest income from key management personnel	<u>293,204</u>	<u>1,346,764</u>

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

25. FINANCIAL RISK MANAGEMENT

(a) Overview:

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

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

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

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

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The 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, investments, trade receivables and long-term motor vehicle loans to employees.

(i) Cash and cash equivalents and investments

Cash and cash equivalents and investments 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 counterparty to fail to meet their obligations. Collateral is held for resale agreements. Therefore, the company considers the credit risk to be low and no impairment allowance has been recognised as the amount is insignificant.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk: (continued)

(ii) Trade receivables

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

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 quarterly.

Exposure to credit risk

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

	Carrying amount	
	2023	2022
St. Thomas	7,895,042	4,082,264
St. Catherine	90,533,787	74,412,774
Clarendon	45,905,215	24,486,513
St. Elizabeth	30,198,157	39,859,600
Trelawny	2,722,813	1,945,492
St. James	1,055,081	819,732
	<u>178,310,095</u>	<u>145,606,375</u>

(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, 2023 was \$110,741,200 (2022: \$111,141,200). The expected credit loss on long-term receivables is immaterial.

Expected credit loss assessment

The company uses a provision matrix to measure expected credit losses (ECLs) for trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk: (continued)

Expected credit loss assessment

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivable as at March 31:

Age buckets	Weighted average loss rate %	2023		Credit impaired
		Gross carrying amount \$'000	Impairment loss allowance \$'000	
0-29 days	-	87,527,102	-	No
30-59 days	27	32,930,477	8,716,243	No
60-89 days	100	6,661,480	6,661,480	Yes
Over 90 days	100	51,191,036	51,191,037	Yes
		<u>178,310,095</u>	<u>66,568,760</u>	
Age buckets	Weighted average loss rate %	2022		Credit impaired
		Gross carrying amount \$'000	Impairment loss allowance \$'000	
0-29 days	8.15	41,341,786	4,651,868	No
30-59 days	10.34	32,706,276	3,991,311	No
60-89 days	17.27	12,210,063	2,447,497	No
Over 90 days	100.00	59,348,250	59,348,250	Yes
		<u>145,606,375</u>	<u>70,438,926</u>	

Cash and cash equivalents

Risks relating to cash and cash equivalents and certificate of deposits are limited because the counterparties are banks and financial institutions with high credit rating. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Impairment on cash and cash equivalents has been measured at 12-month expected loss basis and reflects the short maturities of the exposures.

Long term receivables

Long term receivables include staff loans. The company has determined that these balances have low credit risks, as repayments are made via salary deductions, it has liens over motor vehicles, all borrowers are currently employed to the company and are in good standings. Management reviews recovery scenarios considering given economic conditions and the counterparties ability to repay over the expected life of the receivable. The expected credit losses are calculated on this basis.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

25. 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 the carrying amount and may require settlement within 12 months of the reporting date. Government of Jamaica project advances represent 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. These amounts are expected to be utilised by the company in the coming year.

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 would be 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 had no foreign currency exposure at the reporting date.

(ii) Interest rate risk

Interest rate risk is the risk that the value or cash flows 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 at fixed rate and is carried at cost as follows:

	Carrying amount	
	2023	2022
Resale agreements	1,954,049	1,918,166
Employee loans	8,280,539	9,243,332
	<u>10,234,588</u>	<u>11,161,498</u>

All the company's interest-bearing financial instruments are carried at fixed rates and are measured at amortised cost; therefore a change in interest rate will not affect the carrying value of the financial instruments or the company's cash flows.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk: (continued)

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.

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 and Risk Management 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. There were no changes to how the company manages and measures capital.

National Irrigation Commission Limited

Notes to the Financial Statements Year Ended March 31, 2023

(Expressed in Jamaican dollars unless otherwise stated)

26. FAIR VALUES

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

Determination of fair value and fair value hierarchy

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

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

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

Level 3 - Valuation techniques using significant unobservable inputs.

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued charges is assumed to approximate to their carrying value, due to their short-term nature.

The fair value of long-term receivable approximates its carrying value as no discount or premium 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 CAP Funds (note 5) are classified as Level 2 in the fair value hierarchy. The fair value has been determined by applying prices quoted by the unit trust manager.

27. CONTINGENT LIABILITIES

There are a number of claims against the company by various third parties. The claims are at different stages and appropriate provision are made in these financial statements when management believes that the company will be unsuccessful in its defense.

There is a claim for negligence in the amount of \$13,702,997 and one claim by a former employee for which a provision of \$5,000,000 has been made and included in accounts payable pending any settlement.

28. CAPITAL COMMITMENTS

Commitments for capital expenditure were as follows:

	2023	2022
Capital commitments	<u>278,061,939</u>	<u>158,158,959</u>