



**RURAL WATER SUPPLY LTD**

# ANNUAL REPORT



**2010 / 2011**

**CORPORATE DATA**

**Registered Office**

Rural Water Supply Limited

25 Dominica Drive, 3rd Floor

Kingston 5, Jamaica W.I.

Telephone: (876) 754-5485, Fax: (876) 754-5500

Email: [Info@rwslja.com](mailto:Info@rwslja.com)

**Management Team:**

Mr. Audley Thompson - Managing Director

Mr. Douglas Wilson - General Manager Engineering

Mr. Michael Johnson - Finance Manager

Ms. Murie Bennett - Manager HR/Corporate Services

**Bankers:**

RBTT Jamaica Limited, 17 Dominica Drive, Kingston 5

National Commercial Bank, 1-7 Knutsford Boulevard, Kingston 5

Pan Caribbean Merchant Bank Limited, 64 Knutsford Boulevard, Kingston 5

**Auditors:**

Lee Clarke Chang, 9 Cargill Avenue, Kingston 10

**Attorney-at-law:**

DunnCox, 48 Duke Street, Kingston

Garth McBean & Associates, Seymour Square, Kingston 6

## **TABLE OF CONTENTS**

<b>Mission / Vision Statement</b>	<b>1</b>
<b>Message from the Minister of Water &amp; Housing - Dr. Horace Chang</b>	<b>2</b>
<b>Message from the Chairman -Noel Donaldson</b>	<b>3</b>
<b>Board of Directors - 2010 / 2011</b>	<b>4</b>
<b>Message from Managing Director - Audley Thompson</b>	<b>5</b>
<b>About Rural Water Supply Ltd.</b>	<b>7</b>
<b>REPORT ON PROJECTS.</b>	<b>10</b>
<b>Operational Plan 2011/2012</b>	<b>16</b>
<b>Salaries and emoluments for Chairman, Directors &amp; Senior Management Staff 2010/2011.</b>	<b>22</b>

## **VISION STATEMENT**

**RWSL aims to be the major implementer of projects , by ensuring adherence to standards, time schedules and budget.**

## **MISSION STATEMENT**

**To effectively manage the implementation of projects, by ensuring adherence to standards, time schedules and budget.**

## Message from the Minister of Water & Housing - Dr. Horace Chang



The Rural Water Supply Limited (RWSL) continues to live up to its mission of “effectively managing the implementation of water supply projects by ensuring a high standard and adherence to budget”.

We have been told repeatedly that there is sufficient water in our island to meet all our daily demands. Despite this fact however, far too many persons, particularly in the rural areas still do not have access to this life saving commodity. According to the last available statistics only 50% of the residents in rural communities have access

to potable drinking water. Of this number only 39% have piped water to their houses.

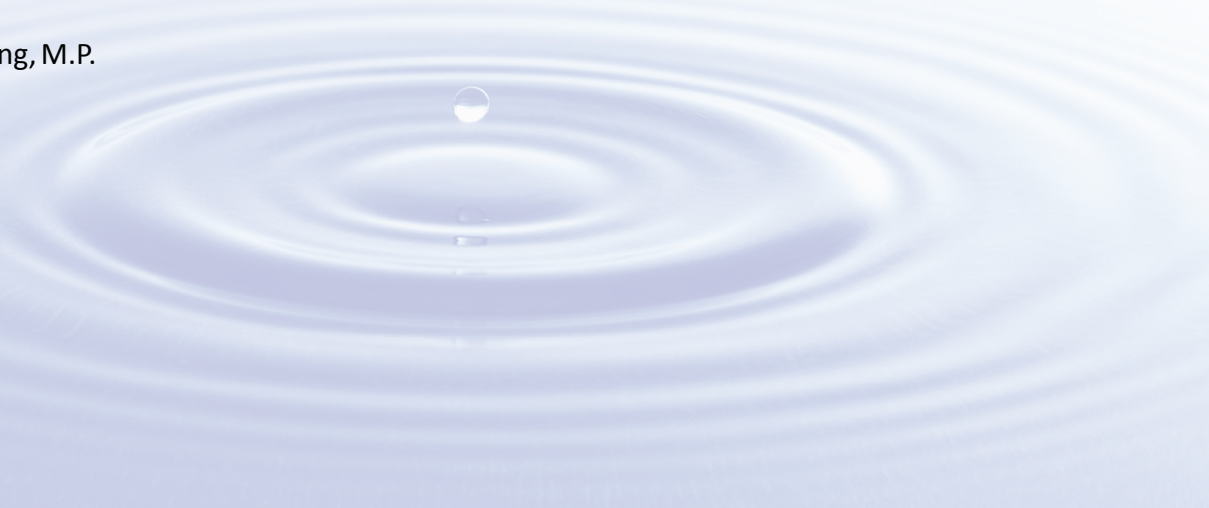
The aim of the RWSL is to increase the number of persons with access to this critical commodity, so, despite the financial challenges, the company this year spent \$47.6M to complete eighteen (18) projects in several parishes.

They include St. Catherine, Clarendon, St. Mary, St. Catherine, Westmoreland, St. James, Portland, St. Thomas, Hanover, St. Elizabeth, St Ann and Manchester. Additionally, we commenced implementation of two new water supply projects in Clarendon and St. Elizabeth.

I wish to congratulate the staff of the RWSL for these achievements. It is no easy task to provide access to potable water to more residents in the rural communities as a number of issues have to be taken into consideration including terrain, infrastructure and access to water sources. Nonetheless, RWSL met these challenges head on during the 2010/2011 financial year.

As we aspire to make Jamaica the “place of choice to live, work raise families and do business”, I look forward to an even greater level of service from RWSL through the revised Water Sector Policy, which will support the social and economic development of Jamaica by creating an institutional framework for the effective and efficient implementation of water supply projects by 2030.

Dr. Horace Chang, M.P.  
**Minister**



## Message from the Chairman -Noel Donaldson



I am pleased to be associated with this Annual Report which outlines the financial statements for the Rural Water Supply Limited, a portfolio agency of the Ministry of Water and Housing. The former Carib Engineering Corporation Limited was re-branded as Rural Water Supply Limited in 2006 to:

\*Develop new water supply systems for communities across ..Jamaica

\*Provide construction management services for the implementation of several water supply projects which, after being commissioned are handed over to the National Water Commission.

Although this was an extremely challenging year financially, we were more than equal to the task and played our part in ensuring the efficient delivery of water supply projects for residents of our rural communities.

It is noteworthy that eighteen (18) rural water supply projects serving ten (10) parishes were completed within the allotted budget. We also commenced implementation of the Quaminus Water Supply Project in Clarendon. In our effort to increase the access of potable water to rural residents from 45% to 60% by the end of the 2011 fiscal year, we will not only construct new water supply systems but will also turn our attention to repairing and refurbishing a number of district tanks, specifically in the parish of St. Elizabeth.

I wish to commend the staff of Rural Water Supply Limited for their hard work, commitment and dedication. No organization could ask for a more complete and competent team. This has resulted in significant accomplishments over the years in the development of potable water systems across rural Jamaica.

As Jean-Michel Cousteau, French explorer and environmentalist once noted "Clean water, the essence of life and a birthright for everyone, must become available to all people now." In keeping with that sentiment, the nation can rest assured that we will continue to make a significant contribution by achieving construction targets, and efficiently delivering water supply systems, so that this most precious commodity will become available to more of our rural residents.

Noel Donaldson  
Chairman

## Board of Directors - 2010 / 2011



Noel Donaldson – Chairman



Audley Thompson – M.D.



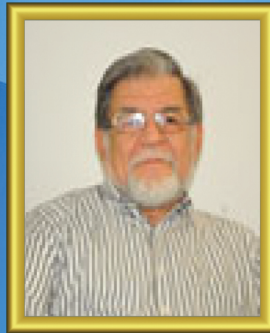
Peter Clarke – Acting M.D.



Jason Smith



Kevin Lue



Basil Fernandez



Winston Maragh



Homer Davis



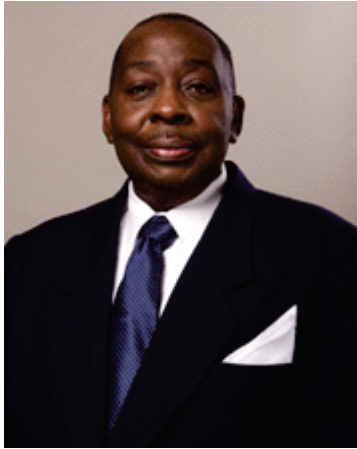
Franklyn Williams



Heather Pinnock

Franklyn Williams and Heather Pinnock were replaced late in the term by Garth Jackson and Marvalyn Campbell.

## Managing Director - Audley Thompson



Rural Water Supply Limited (RWSL) continues in its role as the primary supplier of technical expertise for the implementation of rural water supply projects under the Ministry of Water and Housing.

The right synergy is important to any form of undertaking. It is this synergy, coupled with the dedication and discipline of the staff of RWSL, supporting agencies of the Ministry of Water and Housing and the National Water Commission which has worked effectively to chart the success achieved over the period under review.

The company's project portfolio was culled during this Financial Year due to several constraints under the Capital Works Programme. The funds provided under the Capital 'A' programme were mainly to complete the ongoing projects and the implementation of one (1) new project.

Under the Capital 'A' Programme the following projects were completed:

### St. Catherine

- Colbeck/Planters Water Supply
  - Colbeck Heights/Redground/Bartons Water Supply
  - Duxes/Point Hill Water Supply
  - Johns Groyne Water Supply Phase 1
  - Golden River/Waugh Hill Water Supply
  - Marlie Hill/Browns Hall/Macca Tree Water Supply

### St. James

- Catadupa Water Supply Refurbishing

### St. Thomas

- Hill Sixty Water Supply

### Clarendon

- James Hill Water Supply
  - Peace River Water Supply

### St. Mary

- Hunts Town/Wellington Water Supply
  - Enfield/Galliwasp Water Supply

### Portland

- Fruitful Vale Water Supply

### Manchester

- Bottom Coffee Grove Water Supply

### Westmoreland

- New Road Distribution

The only new project that was started was the Quaminus Water Supply, Clarendon, for the improvement of water supply to the Lionel Town community.

During this period our viability was maintained by us offering our services for assignments both in



the Private and Public Sector to continue earning while concentrating on the projects targeted for completion in the Financial Year. External jobs carried out in this period included Design and Supervision of Construction of Alpart Mining Pipeline Relocation on Spur Tree Hill and the design of the off-site water supply system for National Housing Trust, Longville Phase 3 Water Supply System.

The top Management Staff was changed in the company portfolio and the Managing Director's post is now occupied by the former General Manager Engineering and a new Finance Manager appointed. With these changes the company's survival has been bolstered by adept management in both Technical and Financial areas.

Achieving targets on schedule by efficient operations has always been the standard code and main characteristic of the service rendered by RWSL. The fidelity and resolute commitment to service portrayed by our staff in responding to the water needs of the country is a proud achievement. In a period punctuated by uncertainties, and constraints, both fiscal and otherwise, I am truly grateful, honoured and proud to be a part of a team of public servants that constitutes RWSL.

As we continue to fulfill our mandate, rural Jamaica can look forward to continued improvement in water supply systems and I can assure you, as Head of this organisation, that we will continue to work assiduously in delivering the highest service towards rural community improvement and nation building.

Audley Thompson  
**Managing Director**



## About Rural Water Supply Ltd.....

In 1983 the Government of Jamaica through the Jamaican National Investment Company (JNIC), renamed the National Investment Bank of Jamaica (NIBJ), established Carib Engineering Corporation Limited (CECL). CECL entered into contracts to implement the construction of the Yallahs Pipeline Project. Construction works commenced in September 1983 and the full scheme was commissioned in February 1986. The project was completed within the specified time and CECL received the 1986 Gleaner Honour Award “For dramatic engineering breakthrough in record time in bringing water from Yallahs, St. Thomas to improve the water supply in the corporate area.”

CECL's role as implementing agency expanded significantly since the construction of the Yallahs Pipeline. Its functions included the responsibility for the islandwide development and implementation of major water supply schemes as well as rural water development, utilizing funds provided by the Government of Jamaica and international agencies.

In its over twenty seven years history, the company developed and maintained the well deserved reputation for proficiency in the field of Project Management & Implementation, particularly in the area of water supply infrastructure. This is reflected in major savings on such projects as Martha Brae Water Supply Scheme (1987 1988), Great River Water Supply Scheme (1990 1992), Great River Distribution Improvements (1995 1997), South Chapleton Water Supply (1996 2001) and Bluefields/ Whitehouse Water Supply (2000 2001).

**The Rural Water Supply Limited** became a legal entity in March 2006. It is registered in Jamaica, 99% shares are held by the Accountant General on behalf of the Government of Jamaica, and the remaining 1% by the Managing Director. The company is a service entity with its principal responsibility being to design and construct water supply systems in partnership with the National Water Commission, Private Sector, local authorities and community organizations.

With consistently reduced allocations from Capital A Budget to the Ministry of Water & Housing for water supply projects since 1998 / 1999, it had been felt that CECL could not survive due to the reduced project portfolio of the Ministry. However, Rural Water Supply Limited repositioned itself to efficiently execute works for other agencies such as Jamaica Social Investment Fund, National Housing Trust, National Irrigation Commission and Housing Agency of Jamaica as well as selected Private Sector companies such as the major players in the bauxite industry in order to achieve some amount of budgetary independence.

The Water Sector Policy has as its twin objectives the expansion of access to water supply by all Jamaicans, as well as improved efficiency of the NWC and increased cost recovery. The objective of universal access presupposes huge investments in the sector, a substantial amount of which must be provided by the government for rural projects, which are largely not financially viable. The objective of reorienting the NWC to make it more efficient, commercially driven and customer friendly, as well as the emphasis on full cost recovery, dictates that in the new dispensation, NWC ought not to be saddled with rural projects which undermine its bottom line.

The policy, therefore, makes a clear distinction between the NWC providing water in an efficient and profitable manner and the provision of water for social and developmental purposes. The two objectives are somewhat contradictory and call for an institutional arrangement that recognizes and separates these two functions.

### **Institutional Arrangement**

After exhaustive consultations with stakeholders in the sector and the public generally, the Ministry of Water &

Housing has agreed on an institutional framework, appropriate for the realization of the objectives of the Water Sector Policy.

The institutional arrangement recognizes the need to separate the regulators from the providers. The Water Resources Authority are managers and regulators of the water resources, while the Office of Utilities Regulation is the economic regulator. The institutional arrangement further recognizes the need for the NWC, as the principal provider to be run as a commercial organization with a mandate for efficiency and good customer service, but also recognizes that the government must continue to play a critical role in providing water which might not be necessarily be financially viable, but highly desirable from social, public health and environmental stand points.

With the NWC focusing on its core business, the new arrangements call for a single institution charged with the planning and implementation of all rural water supply projects, for subsequent handing over to various service providers the NWC, Parish Councils and community based organization, on terms which will ensure their sustainable operation. The arrangement has the following benefits:-

1. It would eliminate the inefficiencies inherent in the current arrangement where a multiplicity of agencies are involved in the construction of rural water projects viz: the parish Councils, Jamaica Social Investment Fund and community based organizations.
2. This would streamline government's development to the water sector.
3. It would achieve government's development objectives, without compromising the efficiency focus of the NWC.
4. This institution responsible for planning and development of rural water schemes, can be held up as an important part of the Government's Poverty Alleviation mechanism and thus attract international funding.

Of the options that could be considered as models for implementing a rural water development programme, it must be most cost effective to employ existing resources and institutional infrastructure. Since NWC in this model must stick to its core function, only Rural Water Supply Ltd could be considered as having the requisite organizational framework and range of skills to be quickly mobilized to take on the responsibility to design and implement a range of projects that could be contemplated under any programme of rural water development.

Rural Water Supply Ltd is already structured as a project oriented organization with management and staffing in place and its systems are specifically designed to deal with the procurement of the range of services that are needed to implement water projects.

#### **Nature of Services**

The nature of the services provided by RWSL are summarized in the following activities which are carried out in providing a reliable supply of potable water, efficient sewage disposal systems and general infrastructure for housing schemes:

1. Project Planning, investigations and detailed designs
2. Contracts formation and evaluation
3. On-site supervision and project management
4. Project commissioning and handing over
5. Project review and analysis

#### **Company Structure**

RWSL has a Board of Directors, reporting to the Minister of Water & Housing, which provides strategic guidance. The company is structured to provide the core services and the required support services in order to achieve its mission as follows:

#### **Corporate Division**

The Corporate Division has overall responsibility for the Management and direction of the Company. Importantly, it functions as the link between the Board of Directors and the staff.

Specifically, the Division will continue to ensure the following:

1. Develop, in association with the Board, the necessary policies and procedures for the efficient running of the Company
2. Manage the implementation of these policies and procedures
3. Keep the Board informed of the activities of the Company

#### Engineering Division

This Division is responsible for the planning and development of new projects as they are required to meet the objectives of the Corporation in providing a reliable supply of potable water and efficient sewage disposal systems island-wide.

The function of this Division is to co-ordinate all phases and aspects of a project until that particular project is completed, commissioned and handed over.

The main activities carried out by this Division are set out below:

1. Project Planning, investigations and detailed designs
2. Contract Formation and evaluation
3. On-site supervision and project management
4. Project commissioning and handing over
5. Project review and analysis

#### Administrative & Human Resource Division

This Division directs and administers all activities of the company, ensuring that departments function effectively and efficiently, providing administrative co-ordination and support for the company in the following areas:

1. Communication
2. General Administration
3. Personnel Administration and Monitoring

#### Finance Division

The Finance Division is designed to provide and co-ordinate the financial and accounting function as a means of supporting the overall effort of Rural Water Supply Limited. This Division manages the financial and informational technology activity matters relating to:

1. Financial Statement preparation
2. Preparation of reports and analysis
3. Risk Management
4. Cash Flow Management
5. Budget preparation and monitoring
6. Stock Control
7. Provision of information technology

## REPORT ON PROJECTS.....

Project	Planned Targets for Period	Major Tasks	Achievements
<p><b><u>Colbeck W.S.S.</u></b>  <b>- St Catherine</b>  <b>Project cost:</b>  <b>Ph 1 - \$72.420</b>  <b>Ph 2 - \$32.5M</b>  <b>Exp. To date:</b>  <b>Ph 1 - \$72.46M</b>  <b>Ph 2 - \$22.44M</b>  <b>Exp. this period:</b>  <b>Ph 2 - \$12.50M</b></p>	<p>To construct deep well pumping plants &amp; relift stations.  To construct Storage Tanks.  To complete all related pipe work including bridge crossings.</p>	<p>To achieve 100% construction of pump/ relift stations.  To achieve 100% construction of Storage Tank A.  To achieve 100% construction of Storage Tank B.  To complete pipelaying.</p>	<p>Commissioning ongoing.</p>
<p><b><u>Broadgate W.S.S.</u></b>  <b>- St Mary.</b>  <b>Project cost:</b>  <b>Ph 1 - \$5.1M</b>  <b>Ph 2 - \$40.0M</b>  <b>Exp. To date:</b>  <b>\$36.79M</b>  <b>Exp. this period:</b>  <b>Ph 2 - \$2.0M</b></p>	<p>To develop Well.  To construct pumping station.  To complete all pipelines.  To construct Storage Tank</p>	<p>To complete development of Well.  To achieve 100% completion of Pump Station.  To achieve 100% completion of pipe work.  To complete construction of Storage Tank.</p>	<p><b>100% development of Well.</b>  <b>100% completion of Pump Station.</b>  <b>100% completion of pipe work.</b>  Storage Tank completed.  Pump delivery made.  Installation in progress.</p>
<p><b><u>Quaminus W.S.S.</u></b>  <b>- Clarendon</b>  <b>Project cost:</b>  <b>\$110.00M</b>  <b>Exp. To date:</b>  <b>\$82.65M</b>  <b>Exp. this period:</b>  <b>\$82.65M.</b></p>	<p>To install Transmission Mains. To supply and install Well Pump. To construct Storage Tank.  To install distribution pipelines.</p>	<p>To achieve 100% installation of Transmission Mains. To achieve 100% supply and installation of Pump Station.  To achieve 100% installation of distribution pipelines. To achieve 100% construction of Storage Tank.</p>	<p>50% completion of Pump Station.  75% completion of pipe work.  Storage Tank completed.  Pump delivery made.  Installation in progress.</p>
<p><b><u>Johns Groyne WS</u></b>  <b>- St Catherine</b>  <b>Project cost:</b>  <b>\$9.50M</b>  <b>Exp. To date:</b>  <b>\$9.42M</b>  <b>Exp. this period:</b>  <b>\$2.91M</b></p>	<p>To construct spring intake and install pipelines.  To construct chlorination facility and reservoir.</p>	<p>To achieve 100% construction of spring intake and installation of pipelines.  To achieve 0% of chlorination facility and reservoir</p>	<p>Phase 1 completed.  Service extensions ongoing.</p>

Project	Planned Targets for Period	Major Tasks	Achievements
<p><b><u>Fruitfulvale W.S.S. - Portland</u></b>  <b>Project cost:</b>  <b>\$28.00M</b>  <b>Exp. To date:</b>  <b>\$34.63M</b>  <b>Exp. this period:</b>  <b>\$2.60M.</b></p>	<p>To supply distribution pipelines. To install distribution pipelines.</p>	<p>To achieve 100% supply of distribution pipelines.                      To achieve 100% installation of distribution pipelines.</p>	<p>Project completed. Maintenance period ongoing.</p>
<p><b><u>Cascade W.S.S. - St Ann</u></b>  <b>Project cost:</b>  <b>Ph 1 - \$29.75M</b>  <b>Ph 2 - \$26.00M</b>  <b>Exp. To date:</b>  <b>Ph 1 - \$29.75M</b>  <b>Ph 2 - \$25.78M</b>  <b>Exp. this period:</b>  <b>\$6.17M</b></p>	<p>To construct slow sand filter plant.                      To construct Storage Tank.                      To complete all related pipe work including bridge crossings.</p>	<p>To complete construction of slow sand filter plant.                      To achieve 100% construction of Storage Tank.                      To achieve 100% completion of all related pipe work including bridge crossings.</p>	<p>Preparation for Commissioning underway.</p>



Cascade Storage Tank

Project	Planned Targets for Period	Major Tasks	Achievements
<p><b><u>Bottom Coffee Grove W.S.S. - Manchester</u></b>  <b>Project cost:</b>  <b>\$9.70M</b>  <b>Exp. To date:</b>  <b>\$9.43M</b>  <b>Exp. this period:</b>  <b>\$1.55M</b></p>	To install distribution pipelines.	To achieve 100% installation of distribution pipelines.	Project completed. Maintenance period ongoing.
<p><b><u>Brandon Hill W.S.S. - Clarendon</u></b>  <b>Project cost:</b>  <b>\$4.00M</b>  <b>Exp. To date:</b>  <b>\$2.99M</b>  <b>Exp. this period:</b>  <b>\$0.09M</b></p>	To install distribution pipelines and storage tank	To achieve 50% installation of distribution pipelines.	Commissioning ongoing.
<p><b><u>W C St Catherine: Colbeck Heights / Red Ground / Bartons W.S.S.</u></b>  <b>Project cost:</b>  <b>\$30.0M</b>  <b>Exp. To date:</b>  <b>\$30.25M</b>  <b>Exp. this period:</b>  <b>\$6.60M</b></p>	To install distribution pipelines. To construct steel tank.	To achieve 100% installation of distribution pipelines. To achieve 100% construction of steel tank.	Project completed. Maintenance period ongoing.
<p><b><u>Duxes / Point Hill W.S.S. - St Catherine</u></b>  <b>Project cost:</b>  <b>\$9.50M</b>  <b>Exp. To date:</b>  <b>\$10.10M</b>  <b>Exp. this period:</b>  <b>\$3.67M</b></p>	To achieve 100% rehabilitation of distribution pipelines.	To rehabilitate distribution pipelines.	Commissioning ongoing.

Project	Planned Targets for Period	Major Tasks	Achievements
<b><u>Hunts Town</u></b> <b><u>W.S.S. - St Mary</u></b>  Project cost: <b>\$47.00M</b> Exp. To date: <b>\$43.80M</b> Exp. this period: <b>\$0.86M</b>	To install pipelines. To construct Bolted Steel Tank. To construct Pump Station / Intake Works.	To achieve 100% installation of pipelines. To complete fabrication of reservoir. To construct Pump Station / Intake Works.	Commissioning ongoing.
<b><u>W Central St</u></b> <b><u>Catherine:</u></b> <b><u>Marlie Hill /</u></b> <b><u>Browns Hall /</u></b> <b><u>Macca Tree</u></b> <b><u>W.S.S.</u></b> Project cost: <b>\$28.00M</b> Exp. To date: <b>\$26.45M</b> Exp. this period: <b>\$1.59M</b>	To install distribution pipelines.	To achieve 100% installation of distribution pipelines.	Commissioning ongoing.



Hunts Town Water Supply - Storage Tank under construction



Project	Planned Targets for Period	Major Tasks	Achievements
<b><u>Catadupa W.S.S.</u></b> <b>- St James</b> <b>Project cost:</b> <b>\$7.50M</b> <b>Exp. To date:</b> <b>\$7.31M</b> <b>Exp. this period:</b> <b>\$0.26M</b>	To install pipelines. To erect Rapid Response 500gallon steel tank. To construct Pump Station / Intake Works.	To achieve 100% installation of pipelines. To complete erection of Rapid Response 5000 gallon steel tank. To construct Pump Station / Intake Works.	Project completed.
<b><u>Peace River</u></b> <b><u>W.S.S. -</u></b> <b><u>Clarendon</u></b> <b>Project cost:</b> <b>\$17.00M</b> <b>Exp. To date:</b> <b>\$17.65M</b> <b>Exp. this period:</b> <b>\$2.19M</b>	To install distribution pipelines. To construct storage tank.	50% installation of distribution pipelines. To invite tenders for tank construction.	Commissioning ongoing.
<b><u>Darliston Water</u></b> <b><u>Supply</u></b> <b><u>Distribution /</u></b> <b><u>New Roads</u></b> <b><u>Distribution</u></b> <b><u>- Westmoreland</u></b> <b>Project cost:</b> <b>\$280.00M</b> <b>Exp. To date:</b> <b>\$259.46M</b> <b>Exp. this period:</b> <b>\$3.20M</b>	To install distribution pipelines.	To achieve 100% installation of distribution pipelines.	Commissioning ongoing.
<b><u>James Hill W.S.S.</u></b> <b>- Clarendon</b> <b>Project cost:</b> <b>\$25.50M</b> <b>Exp. To date:</b> <b>\$25.33M</b> <b>Exp. this period:</b> <b>\$6.64M</b>	To install distribution pipelines. To construct pumping station. To construct Storage Tanks.	To achieve 100% installation of distribution pipelines. To achieve 100% construction of pumping station. To achieve 100% construction of Storage Tank	Commissioning ongoing.

Project	Major Tasks	Planned Targets for Period	Achievements
+	To construct relift pumping stations. To install pumps.	To achieve 100% construction of relift pumping stations. To achieve 100% installation of distribution pipelines. To achieve 100% completion of pump installation	Commissioning ongoing.
<b><u>Enfield / Galliwasp W.S.S. – St Mary</u></b> Project cost: \$10.0M Exp. To date: \$9.32M Exp. this period: \$0.72M	To construct intake, pipelines & chlorination facility.	To achieve 100% construction of intake, pipelines & chlorination facility.	Commissioning ongoing.
<b><u>Constituency Development Funded projects</u></b> Exp. To date: \$21.86M Exp. this period: \$7.30M	Installation of catchments and pipelines for sundry minor water supplies across the island.		Twelve (12) projects ongoing.

## Operational Plan 2011/2012

CAPITAL 'A' PROJECTS								
PROJECT	QTR 1	COST J\$M	QTR 2	COST J\$M	QTR 3	COST J\$M	QTR 4	COST J\$M
	TARGET		TARGET		TARGET		TARGET	
<b>Hunts Town / Wellington Water Supply Scheme.</b>								
Construct Pump Station.	100%	0.00						
Construct Storage Tank.	100%	0.00						
Construct pipelines.	100%	0.50						
<b>Quaminus Water Supply Scheme</b>								
Construct Pump Station.	100%	5.00						
Construct Storage Tank.	100%	15.00						
Complete all pipelines.	70%	5.00	90%	2.50	100%	2.50		
<b>Peace River Water Supply Scheme.</b>								
Construct of intake works	100%	0.50						
Construct storage tank.	100%	0.50						
Complete all pipelines.	100%	0.50						
<b>Cascade Water Supply Scheme.</b>								
Construct Filter Plant.	100%	0.00						
Construct Storage Tank.	100%	0.00						
Complete all related pipe work including bridge crossings.	100%	3.50						
<b>John's Groyne Water Supply Scheme</b>								
Project completion & Commissioning	100%	1.00						

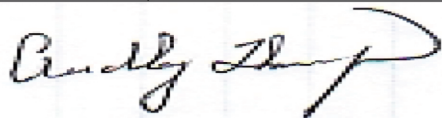


PROJECT	QTR 1		QTR 2		QTR 3		QTR 4	
	TARGET	COST J\$M	TARGET	COST J\$M	TARGET	COST J\$M	TARGET	COST J\$M
<b>Colbeck Hgts / Red Ground / Bartons Water Supply Scheme.</b>								
Project Completion & Commissioning	100%	1.00						
<b>Fruitfulvale Water Supply Scheme</b>								
Project Completion & Commissioning	100%	7.00						
<b>COMPREHENSIVE RURAL WATER UPGRADING</b>								
Construction of rural water supply schemes to impact needy communities.	25%	15.00	50%	15.00	75%	15.00	100%	16.20
<b>CONSTITUENCY DEVELOPMENT FUND</b>								
Construction of rural water supply schemes to impact needy communities.	25%	2.00	50%	2.00	75%	2.00	100%	2.00

## Salaries and emoluments for Chairman, Directors & Senior Management Staff 2010/2011.....

POSITION OF SENIOR EXECUTIVE	YEAR	SALARY (\$)	GRATUITY OR PERFORMANCE INCENTIVE (\$)	TRAVELLING ALLOWANCE OR VALUE OF ASSIGNMENT OF MOTOR VEHICLE (\$)	OTHER ALLOWANCES (\$)	TOTAL (\$)	MOTOR CAR UPKEEP ALLOWANCE	GRAND TOTAL
MANAGING DIRECTOR	2010/2011	3,710,758.14	758,951.39	-	61,200.00	4,530,909.53	796,500.00	5,327,409.53
GENERAL MANGER	2010/2011	3,082,943.37	828,493.86	-	61,200.00	3,972,637.23	796,500.00	4,769,137.23
FINANCIAL CONTROLLER	2010/2011	3,193,837.56	-	-	56,200.00	3,250,037.56	796,500.00	4,046,537.56
HUMAN RESOURCE MANAGER	2010/2011	2,552,716.80	557,285.91	421,402.00	56,200.00	3,587,604.71	-	3,587,604.71

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	149,500.00	0.00	0.00	0.00	149,500.00
Director 1	74,000.00	0.00	0.00	0.00	74,000.00
Director 2	25,000.00	0.00	0.00	0.00	25,000.00
Director 3	138,500.00	0.00	0.00	0.00	138,500.00
Director 4	93,000.00	0.00	0.00	0.00	93,000.00
Director 5	79,000.00	0.00	0.00	0.00	79,000.00
Director 6	22,500.00	0.00	0.00	0.00	22,500.00
Director 7	66,000.00	0.00	0.00	0.00	66,000.00
Director 8	59,500.00	0.00	0.00	0.00	59,500.00
Director 9	62,500.00	0.00	0.00	0.00	62,500.00



Certified: \_\_\_\_\_

Audley Thompson, Managing Director

**RURAL WATER SUPPLY LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2011**

**I N D E X**

	<b><u>PAGE</u></b>
Independent Auditors' Report	1 - 2
 <b><u>FINANCIAL STATEMENTS</u></b>	
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 20

# Lee Clarke Chang

Chartered Accountants

9 Cargill Avenue  
Kingston 10  
Telephone: (876) 926-4546  
(876) 926-6310  
Telefax: (876) 960-7383  
Email: [leeclarke@cwjamaica.com](mailto:leeclarke@cwjamaica.com)

## INDEPENDENT AUDITORS' REPORT

To The Members  
Rural Water Supply Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Rural Water Supply Limited set out on the pages 3 to 20 which comprise the company's statement of financial position as at March 31, 2011, statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



## INDEPENDENT AUDITORS' REPORT

Members of  
Rural Water Supply Limited

### **Report on the Financial Statements Cont'd.**

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2011, and of its financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards, and comply with the requirements of the Jamaican Companies Act.

#### **Report on other Legal and Regulatory Requirements**

We have obtained all the information and explanations which, to be best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements are in agreement therewith and give the information required by the Jamaican Companies Act in the manner so required.

In our opinion, proper accounting records have been maintained and the financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

A handwritten signature in black ink, reading "Lee Clarke Chang". The signature is written in a cursive style with large, flowing letters.

**August 17, 2012**

**RURAL WATER SUPPLY LIMITED**  
**STATEMENT OF COPREHENSIVE INCOME**  
**YEAR ENDED MARCH 31, 2011**

	<u>Note</u>	<u>2011</u> <u>\$</u>	<u>2010</u> <u>\$</u>
<b>REVENUE</b>	4	<u>106,025,824</u>	<u>98,890,562</u>
Administrative expenses		( 57,063,767)	(49,264,506)
Engineering expenses		( 40,175,190)	(45,427,725)
		<u>97,238,957</u>	<u>94,692,231</u>
<b>Operating profit</b>		8,786,867	4,198,331
Net finance income	5	<u>725,908</u>	<u>1,294,376</u>
Profit before taxation	6	9,512,775	5,492,707
Taxation	7	( 203,007)	(37,331,182)
<b>Net profit/(loss) for the year</b>		<u>9,309,768</u>	<u>(31,838,475)</u>

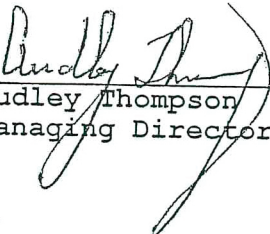
RURAL WATER SUPPLY LIMITED  
STATEMENT OF FINANCIAL POSITION


AT MARCH 31, 2011

<u>ASSETS</u>	<u>Note</u>	<u>2011</u> <u>\$</u>	<u>2010</u> <u>\$</u>
<b>Current Assets</b>			
Cash and bank balances		78,597,003	16,295,565
Fixed Deposits	8	7,199,376	6,727,308*
Receivables and Prepayments	9	<u>27,415,098</u>	<u>19,062,533</u>
		<u>113,211,477</u>	<u>42,085,406</u>
<b>Non-current assets</b>			
Property, Plant and Equipment	10	<u>2,000,690</u>	<u>1,796,376</u>
Work-in-progress	11	<u>839,876,584</u>	<u>713,235,432</u>
<b>Total assets</b>		<u>955,088,751</u>	<u>757,117,214</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Current liabilities</b>			
Payables and Accruals	12	<u>168,677,582</u>	<u>103,941,303</u>
<b>Non-current liabilities</b>			
Revolving Loan Fund	13	<u>10,639,545</u>	-
		<u>179,317,127</u>	<u>103,941,303</u>
<b>Capital and reserves</b>			
Share Capital	14	200	200
Capital Reserve	15	480,000	5,098,861*
Accumulated Losses		<u>( 45,710,006 )</u>	<u>( 59,638,635 )</u>
		<u>( 45,229,806 )</u>	<u>( 54,539,574 )</u>
Project Advances	16	<u>821,001,430</u>	<u>707,715,485</u>
<b>Total equity and liabilities</b>		<u>955,088,751</u>	<u>757,117,214</u>

The financial statements on pages 3 to 20 were approved for issue by the Board of Directors on August 17, 2012 and signed on its behalf by

\* Restated (Note 20)

  
Audley Thompson  
Managing Director

  
Noel Donaldson  
Chairman

RURAL WATER SUPPLY LIMITED  
STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED MARCH 31, 2011

	<u>Note</u>	<u>Share Capital</u> \$	<u>Capital Reserve</u> \$	<u>Accumulated Losses</u> \$	<u>Total</u> \$
Balance at March 31, 2010		200	5,279,897	(59,638,635)	(54,358,538)
Prior year adjustment	20	-	( 181,036)	-	( 181,036)
Restated balance at March 31, 2010		200	5,098,861	(59,638,635)	(54,539,574)
Transfer from capital reserve	15	-	(4,618,861)	4,618,861	-
Net profit for the year		-	-	9,309,768	9,309,768
Balance at March 31, 2011		200	480,000	(45,710,006)	(45,229,806)

**RURAL WATER SUPPLY LIMITED****STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2011**

	<u>2011</u> \$	<u>2010</u> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before taxation	9,512,775	5,492,707
Depreciation	<u>1,062,685</u>	<u>726,905</u>
	<u>10,575,460</u>	<u>6,219,612</u>
Changes in operating asset and liabilities -		
Receivables and prepayments	( 8,352,565)	3,252,001
Taxation recoverable	-	( 193,563)
Payables and accruals	64,736,279	(28,654,000)
Tax paid	<u>( 203,007)</u>	<u>-</u>
	<u>56,180,707</u>	<u>(25,595,562)</u>
Net cash provided by/(used in) operating activities	<u>66,756,167</u>	<u>(19,375,950)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	( 1,266,999)	( 151,166)
Work-in-progress	<u>(126,641,152)</u>	<u>82,194,154</u>
Net cash (used in)/ provided by investing activities	<u>(127,908,151)</u>	<u>82,042,988</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Project advances	113,285,945	(74,481,269)
Capital reserve	( 181,036)	-
Proceeds from Defunct Pension Scheme	<u>10,639,545</u>	<u>-</u>
Net cash provided by/ (used in) financing activities	<u>123,744,454</u>	<u>(74,481,269)</u>
	<u>62,592,470</u>	<u>(11,814,231)</u>
<b>INCREASE/ (DECREASE) IN NET CASH BALANCES</b>	<u>62,592,470</u>	<u>(11,814,231)</u>
Net Cash Balance - Beginning of Year	<u>23,203,909</u>	<u>35,018,140</u>
<b>NET CASH BALANCE - END OF YEAR</b>	<u><u>85,796,379</u></u>	<u><u>23,203,909</u></u>
<b>Represented by:</b>		
Fixed deposits	7,199,376	6,908,344
Cash and bank balances	<u>78,597,003</u>	<u>16,295,565</u>
	<u><u>85,796,379</u></u>	<u><u>23,203,909</u></u>

RURAL WATER SUPPLY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

**1. OWNERSHIP:**

The company's shares are held by the Accountant General on behalf of the Government of Jamaica.

**2. PRINCIPAL ACTIVITIES:**

The company's principal activities are the monitoring and control of the island-wide development and implementation of water supply schemes utilising grants and loans provided by the Government of Jamaica and International Funding Agencies.

**3. SIGNIFICANT ACCOUNTING POLICIES:**

(a) **Basis of Preparation -**

(i) Statement of compliance

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

(ii) **Basis of Measurement -**

The financial statements have been prepared under the historical cost basis.

(iii) **Use of estimates and judgments -**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

(iv) **Functional and presentation currency -**

These financial statements are presented in Jamaican dollars, which is the Company's functional currency.

(b) **Property, Plant and Equipment -**

(i) Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation is provided on the straight-line basis at rates which will writeoff the cost of the assets over their expected useful lives. The rates are as follows:

RURAL WATER SUPPLY LIMITEDNOTES TO THE FINANCIAL STATEMENTSYEAR ENDED MARCH 31, 2011**3. SIGNIFICANT ACCOUNTING POLICIES CONT'D:****(b) Property, Plant and Equipment Cont'd**

Plant and machinery	5 - 10 yrs
Motor vehicles and trailers	5 yrs
Furniture, fixtures and equipment	5 - 10 yrs
Leasehold improvement	4 yrs
Computer	4 yrs

**(c) Impairment -**

The carrying amounts of the company's tangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

**(d) Foreign Currency Translation -**

Balances in foreign currencies are translated at the exchange ruling at balance sheet date. Transactions during the year are translated at the exchange rate prevailing at the date of the transaction. Gains or losses on translation are dealt with in the statement of comprehensive income.

Exchange rates are determined by the weighted average rate at which Commercial Banks trade in foreign currencies as published by the Central Bank.

**(e) Mobilisation Advances -**

Mobilisation advances are made to contractors at the commencement of the contract at an amount agreed by negotiation to meet start up costs of the contractor. The amount is recovered in fixed instalments deducted from periodic progress billings.

**(f) Project Advances -**

Grants received are treated as project advances and are off set against the costs incurred in the furtherance of the company's activities as agents of the Government of Jamaica on completion of the projects. Project advances are recognised as follows:

- (i) On receipt of Ministry of Finance subventions from the annual budget.

RURAL WATER SUPPLY LIMITEDNOTES TO THE FINANCIAL STATEMENTSYEAR ENDED MARCH 31, 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES CONT'D:

f) **Project Advances Cont'd.-**

(ii) On receipt of cash, goods or services from International Funding Agencies and other governments.

(iii) On payment of projects' liabilities by the Government of Jamaica.

(g) **Fair Value -**

The amount included in these financial statements for cash and short term investments, receivables and payables reflect their approximate fair values because of the short-term nature of these instruments.

4. **REVENUE:**

	<u>2011</u> \$	<u>2010</u> \$
Subvention	99,999,699	92,202,630
Management fees	-	832,894
Consultancy fees	<u>6,026,125</u>	<u>5,855,038</u>
	<u>106,025,824</u>	<u>98,890,562</u>

5. **NET FINANCE INCOME:**

	<u>2011</u> \$	<u>2010</u> \$
Interest income	815,125	1,024,876
Interest expense	-	( 66,832)
Foreign exchange conversion (loss)/ gain	<u>( 89,217)</u>	<u>336,332</u>
	<u>725,908</u>	<u>1,294,376</u>



**RURAL WATER SUPPLY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2011**

**6. PROFIT BEFORE TAXATION:**

Arrived at after charging the following -

	<u>2011</u>	<u>2010</u>
	<u>\$</u>	<u>\$</u>
Directors' emoluments -		
Fees	750,500	791,640
Remuneration	4,758,295	4,758,295
Auditors' remuneration	600,000	660,000
Depreciation	<u>1,062,685</u>	<u>726,905</u>

The Executive Officers, comprising the Managing Director, Engineering Manager and Financial Controller were paid gross emoluments of \$11,243,181 in 2011.

**7. TAXATION:**

	<u>2011</u>	<u>2010</u>
	<u>\$</u>	<u>\$</u>
i. Deferred Tax asset	-	33,934,087
ii. Withholding Tax	203,007	5,696,952
iii. Income Tax payable	-	<u>( 2,299,857)</u>
	<u>203,007</u>	<u>37,331,182</u>

- i. Deferred Tax asset has been written-off because there will be no future taxable profit against which it can be set-off.
- ii. The Withholding Tax suffered on investments cannot be utilized as a credit for tax purposes because the company will not be required to pay Income Tax as it is being funded by Government Subvention.
- iii. This liability which arises in prior periods has been ~~set~~ off against the Withholding Tax.

RURAL WATER SUPPLY LIMITEDNOTES TO THE FINANCIAL STATEMENTSYEAR ENDED MARCH 31, 2011**8. FIXED DEPOSITS:**

These are held with the following:

	<u>2011</u> \$	<u>2010</u> \$
NCB Capital Markets Limited	5,784,010	5,394,756
Pan Caribbean Financial Services Limited	<u>1,415,366</u>	<u>1,332,552</u>
	<u>7,199,376</u>	<u>6,727,308</u>

**9. RECEIVABLES AND PREPAYMENTS:**

	<u>2011</u> \$	<u>2010</u> \$
Advances and deposits	391,388	4,406,049
Management fee	-	832,894
GOJ/IDB	3,986,890	3,986,890
National Irrigation	615,828	615,828
Staff loans	5,643,010	5,593,438
Salary advances	71,367	80,808
Mobilisation	-	1,310,178
Ministry of Water and Housing	15,251,875	377,989
GCT recoverable	-	11,503
J.S.I.F recoverable	559,157	559,157
Nippon Koei Company Limited	-	608,227
Other	<u>895,583</u>	<u>679,572</u>
	<u>27,415,098</u>	<u>19,062,533</u>

RURAL WATER SUPPLY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

10. PROPERTY, PLANT AND EQUIPMENT:

	<u>Leasehold Improvement</u> \$	<u>Computers</u> \$	<u>Furniture Fixtures, Office Equipment &amp; Trailers</u> \$	<u>Motor Vehicles</u> \$	<u>Total</u> \$
<b>Cost/ Valuation -</b>					
April 1, 2010	1,409,800	7,696,166	5,096,520	782,958	14,985,444
Additions	169,515	618,671	478,813	-	1,266,999
	1,579,315	8,314,837	5,575,333	782,958	16,252,443
<b>Depreciation -</b>					
April 1, 2010	1,409,799	7,279,134	3,717,177	782,958	13,189,068
Charge for the year	42,378	608,533	411,774	-	1,062,685
	1,452,177	7,887,667	4,128,951	782,958	14,251,753
<b>Net Book Value -</b>					
March 31, 2011	127,138	427,170	1,446,382	-	2,000,690
March 31, 2010	1	417,032	1,379,343	-	1,796,376

RURAL WATER SUPPLY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

**11. WORK-IN-PROGRESS:**

This represents costs incurred on projects being undertaken on behalf of the Government of Jamaica. These projects will be transferred to a Government of Jamaica agency on completion.

RURAL WATER SUPPLY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

11. **WORK-IN-PROGRESS CONT'D.:**

**Constituency Development Fund:**

<b>Project Name</b>	<b>Balance B/F</b>	<b>Total Expenditure During 2010/2011</b>	<b>Projects Completed</b>	<b>Balance C/F</b>
Brandon Hill W/S	2,909,718	89,844	-	2,999,562
Claverly Cottage W/S	-	1,003,130	-	1,003,130
Crescent W/S	1,393,565	-	-	1,393,565
Kitson Town W/S	1,574,860	-	-	1,574,860
Logie Green	-	707,939	-	707,939
Northwest Clarendon W/S	813,753	896,263	-	1,710,016
Northern Clarendon	-	1,095,031	-	1,095,031
Peace River W/S	651,664	1,454,966	-	2,106,630
Staverly Park W/S	3,759,094	835,925	-	4,595,019
	11,102,654	6,083,098	-	17,185,752

**General**

<b>Project Name</b>	<b>Balance B/F</b>	<b>Total Expenditure During 2010/2011</b>	<b>Projects Completed</b>	<b>Balance C/F</b>
Claverly Cottage W/S	6,404,396	1,344,174	-	7,748,570
New Eden W/S	910,750	-	-	910,750
Y'thandside W/S	3,762,500	-	-	3,762,500
	11,077,646	1,344,174	-	12,421,820

**Capital A Water Supply Projects:**

<b>Project Name</b>	<b>Balance B/F</b>	<b>Total Expenditure During 2010/2011</b>	<b>Projects Completed</b>	<b>Balance C/F</b>
Broadgate	13,451,943	-	-	13,451,943
Darliston	256,257,667	3,197,721	-	259,455,388
Fruitful Vale W/S	371,772	-	-	371,772
Miscellaneous	250,591	-	-	250,591
	270,331,973	3,197,721	-	273,529,694

RURAL WATER SUPPLY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

11. WORK-IN-PROGRESS CONT'D.:

Urban Rural Water Supply Projects:

Project Name	Balance B/F	Total Expenditure During 2010/2011	Projects completed	Balance C/F
Broadgate	34,789,412	-	-	34,789,412
Cascade	29,747,542	-	-	29,747,542
Colbeck/Planters	72,418,051	-	-	72,418,051
Darliston	50,127,895	-	-	50,127,895
John's Groin	4,725	-	-	4,725
Kitson - Point Hill	3,487,553	-	-	3,487,553
	<u>190,575,180</u>	<u>-</u>	<u>-</u>	<u>190,575,180</u>

RURAL WATER SUPPLY LIMITEDNOTES TO THE FINANCIAL STATEMENTSYEAR ENDED MARCH 31, 2011**11. WORK-IN-PROGRESS CONT'D.:****Ministry of Housing Water Supply Projects:**

<b>Project Name</b>	<b>Balance B/F</b>	<b>Total Expenditure During 2010/2011</b>	<b>Projects Completed</b>	<b>Balance C/F</b>
Albert Town	-	( 5,000)	-	( 5,000)
Broadgate W/S	-	2,009,968	-	2,009,968
Catadupa W/S	7,046,502	261,332	( 7,307,834)	-
Cascade - Ph.2	19,608,811	6,173,209	-	25,782,020
Coffee Grove	7,877,569	1,553,643	-	9,431,212
Colbeck Heights	23,682,952	6,570,660	-	30,253,612
Colbeck/Planters	9,924,058	12,517,856	-	22,441,914
Crescent W/S	900	( 900)	-	-
Darliston	323,238	-	-	323,238
Enfield	-	723,962	( 723,962)	-
Ewarton	-	( 27,000)	-	( 27,000)
Fruitful Vale	32,019,099	2,606,348	-	34,625,447
Hunts Town/Wellington	42,940,478	860,283	-	43,800,761
James Hill	18,686,521	6,641,928	-	25,328,449
John's Groin	6,505,821	2,910,902	-	9,416,723
Kitson Town W/S	3,168	-	-	3,168
<b>Balance carried forward</b>	<b>168,619,116</b>	<b>42,797,191</b>	<b>( 8,031,796)</b>	<b>203,384,511</b>

RURAL WATER SUPPLY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

11. WORK-IN-PROGRESS CONT'D.:

Project Name	Balance B/F	Total Expenditure During 2010/2011	Projects Completed	Balance C/F
Balance brought forward	168,619,116	42,797,191	( 8,031,796)	203,384,511
Magotty W/S - Ph.2	214,700	64,140	-	278,840
Marlie Hill/Brown's Hall W/S	24,864,834	1,589,278	-	26,454,112
Peace River	15,456,459	2,188,562	-	17,645,020
Point Hill	6,423,717	3,674,809	( 10,098,526)	-
Quaminus	-	82,650,503	-	82,650,503
Watermount	2,124,933	( 2,500)	( 2,124,933)	( 2,500)
Waugh Hill	12,444,220	3,309,431	-	15,753,652
	230,147,979	136,271,414	( 20,255,255)	346,164,138
<b>Grand Total</b>	<b>713,235,432</b>	<b>146,896,407</b>	<b>( 20,255,255)</b>	<b>839,876,584</b>



RURAL WATER SUPPLY LIMITEDNOTES TO THE FINANCIAL STATEMENTSYEAR ENDED MARCH 31, 2011

12.

**PAYABLES AND ACCRUALS:**

	<u>2011</u> \$	<u>2010</u> \$
Trade	19,864,344	4,425,660
Contractors' retentions	32,663,668	31,826,132
Contractors' levy	11,181,821	10,691,764
Contractors	77,858,190	18,208,565
Statutory contributions	6,964,638	9,974,962
Audit fee	1,960,000	1,760,000
Tax compliance certificate levy	5,836,690	5,836,690
Payables control	1,882,887	1,684,907
Stale dated cheques	177,001	1,370,705
Vacation leave	8,336,820	7,291,474
Other	1,954,523	870,444
	<u>68,677,582</u>	<u>103,941,303</u>

**13. REVOLVING LOAN FUND**

This comprises the Company's share of surplus arising from the wound-up Pension Plan. The Ministry of Finance and Public Service has given permission for this to be used as a staff revolving loan fund.

**14. SHARE CAPITAL:**

	<u>2011</u> \$	<u>2010</u> \$
Authorised, issued and fully paid - 200 Ordinary shares of no par value	<u>200</u>	<u>200</u>

**15. CAPITAL RESERVE:**

	<u>2011</u> \$	<u>2010</u> \$
(i) Unrealised surplus on the revaluation of fixed assets	-	2,624,760
(ii) Bank accounts previously omitted from books	-	1,994,101*
Gift of computers	<u>480,000</u>	<u>480,000</u>
	<u>480,000</u>	<u>5,098,861</u>

(i) Unrealized surplus was as a result of increases in the value of non-current assets in accordance with IAS 16 (Property, Plant and Equipment), which were subsequently disposed of. Under IAS 16 unrealised revaluation surplus may be transferred directly to retained earnings on the disposal of said assets.

(ii) Bank accounts previously omitted from books and recognized in capital reserve, now transferred to accumulated losses.

\* Restated (Note 20)

RURAL WATER SUPPLY LIMITEDNOTES TO THE FINANCIAL STATEMENTSYEAR ENDED MARCH 31, 2011**16. PROJECT ADVANCES:**

This represents amounts advanced by the Government of Jamaica to undertake projects on its behalf.

On completion of a project, Project Advances Account is reduced by the cost of the project at the same time it is removed from work-in-progress (**Notes 3 (f) and 11**).

**17. ADMINISTRATIVE STAFF COSTS:**

	<u>2011</u>	<u>2010</u>
	<u>\$</u>	<u>\$</u>
Subsistence allowance	55,761	445,140
Salaries and wages	24,037,337	19,498,258
Rent allowance	-	1,517,400
NIS	301,245	182,954
Education tax	843,839	698,597
NHT	852,877	821,419
Uniform allowance	456,797	-
Lunch allowance	15,990	34,207
Laundry	164,913	-
Motor vehicle allowance	<u>3,908,230</u>	<u>1,783,726</u>
	<u>30,636,989</u>	<u>24,981,701</u>

**18. FINANCIAL INSTRUMENTS RISKS:****(i) Interest rate risk -**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At March 31, 2011, there was no significant exposure to interest rate risk.

**(ii) Foreign Exchange Risk -**

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. At March 31, 2011, there was no significant exposure to foreign exchange risk.

**(iii) Liquidity risk -**

Liquidity risk is the risk that an entity will be unable to meet its payment obligations associated with its financial liabilities when they fall due. At March 31, 2011, current liabilities exceed current assets by \$56,270,766 indicating a significant exposure to liquidity risk.

RURAL WATER SUPPLY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

**19. COMMITMENTS AND CONTINGENT LIABILITIES:**

The company, as agent, is liable under easement agreements with various parties to compensate for damages incidental to activities in connection with these easements.

**20. PRIOR YEAR ADJUSTMENT:**

Fixed deposit of \$181,036, which was already recognized in the books, was erroneously recognized again in 2010 on the basis that it was not initially recognized in the accounts, therefore, a prior year adjustment had to be made to correct this error.

RURAL WATER SUPPLY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

I N D E X

	<u>PAGE</u>
 <u>SUPPLEMENTARY INFORMATION</u>	
Auditors' Report to the Directors	1
Detailed Statement of Comprehensive Income	2
Administrative Expenses	3
Engineering Expenses	4

RURAL WATER SUPPLY LIMITED

SUPPLEMENTARY INFORMATION

YEAR ENDED MARCH 31, 2011

# Lee Clarke Chang

Chartered Accountants

9 Cargill Avenue  
Kingston 10  
Telephone: (876) 926-4546  
(876) 926-6310  
Telefax: (876) 960-7383  
Email: [leeclarke@cwjamaica.com](mailto:leeclarke@cwjamaica.com)

**AUDITORS' REPORT**  
**SUPPLEMENTARY INFORMATION**

To The Directors of  
Rural Water Supply Limited

The supplementary information presented on pages 2 to 4, taken from the accounting records of the company, has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the company for the year ended March 31, 2011.

In our opinion, this information is fairly presented in all material respects in relation to the financial statements taken as a whole, although it is not necessary for a fair presentation of the state of the company's financial affairs at March 31, 2011 or the results of its operations or cash flows for the year then ended.

A handwritten signature in cursive script that reads "Lee Clarke Chang". The signature is written in black ink and is positioned above the date.

August 17, 2012

**RURAL WATER SUPPLY LIMITED**  
**DETAILED STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED MARCH 31, 2011**

	<u>2011</u> \$	<u>2010</u> \$
<b>REVENUE -</b>		
Management fees	-	832,894
Consultancy fees	<u>6,026,125</u>	<u>5,855,038</u>
	6,026,125	6,687,932
Government subvention	<u>99,999,699</u>	<u>92,202,630</u>
	106,025,824	98,890,562
Administrative expenses (page 3)	( 57,063,767)	(49,264,506)
Engineering expenses (Page 4)	<u>( 40,175,190)</u>	<u>(45,427,725)</u>
<b>Operating profit</b>	8,786,867	4,198,331
Net Finance income	<u>725,908</u>	<u>1,294,376</u>
<b>Profit before taxation</b>	<u><u>9,512,775</u></u>	<u><u>5,492,707</u></u>

RURAL WATER SUPPLY LIMITEDADMINISTRATIVE EXPENSESYEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
<b><u>General</u></b>		
Staff costs	30,636,989	24,981,701
Telephone	632,020	1,702,402
Electricity	-	1,805,531
Rent and maintenance	9,384,245	8,327,496
Directors' fees	750,500	791,640
Printing and stationery	1,375,642	850,189
Gratuity	5,987,425	3,019,711
Vacation leave	634,217	1,921,628
General	312,836	( 329,408)
Donations and subscriptions	71,183	173,586
Staff welfare	2,884,291	2,745,168
Depreciation	1,062,685	726,905
Audit fee	600,000	660,000
Temporary service	15,000	213,750
Advertisement	118,671	404,292
Asset tax	34,000	91,000
Public relations	306,084	256,378
Computer	246,969	896,104
Board meetings	537,195	115,350
General insurance	201,975	152,840
Bad debt recovered	-	(1,418,402)
Bank charges	76,957	193,631
Legal and professional fees	104,000	-
	<u>55,972,884</u>	<u>48,281,492</u>
<b><u>Motor Vehicle</u></b>		
Petrol & oil	376,269	624,531
Service and parts	673,781	310,110
Batteries and tyres	40,833	48,373
	<u>1,090,883</u>	<u>983,014</u>
	<u>57,063,767</u>	<u>49,264,506</u>



RURAL WATER SUPPLY LIMITED

ENGINEERING EXPENSES

YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
	<u>\$</u>	<u>\$</u>
Staff costs	38,829,725	42,806,544
Telephone	598,843	554,226
Subscriptions	12,000	-
Bank charges	37,054	717,273
Motor vehicle	230,213	205,819
Computer	1,800	-
Project	-	719,715
General	<u>465,555</u>	<u>424,148</u>
	<u>40,175,190</u>	<u>45,427,725</u>