



# RURAL WATER SUPPLY

## ANNUAL REPORT **2012 / 2013**



## **CORPORATE DATA**

### **Registered Office**

Rural Water Supply Limited

25 Dominica Drive, 3<sup>rd</sup> Floor

Kingston 5, Jamaica W.I.

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

Email: 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

### **Auditors:**

Deloitte & Touche, 7 West Ave, Kingston Gardens, P O box 13, Kingston 4

### **Attorney-at-law:**

Garth McBean & Associates, Seymour Square, Kingston 6

## **TABLE OF CONTENTS**

Vision Statement	<b>1</b>
Mission Statement	<b>1</b>
Message from the Minister of Water & Housing Hon. Robert Pickersgill	<b>2</b>
Message from the Chairman of the Board of Directors John-Paul A. White	<b>4</b>
Message from the Managing Director Audley Thompson	<b>6</b>
Board of Directors 2012/2013	<b>8</b>
Report on Projects	<b>9</b>
Operational Plan 2013/2014	<b>13</b>
Salaries and Emoluments for Senior Management Staff 2012/2013	<b>14</b>
Report on the Financial Statements 2012/2013	<b>15</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, Land, Environment & Climate Change**  
**Hon. Robert Pickersgill, M.P.**



I am pleased to release the Annual Report for the Rural Water Supply Limited (RWSL) for the Financial Year 2012-2013.

As the Rural Water Supply Limited will shortly celebrate 30 years of service in Jamaica's water sector, let me to congratulate the staff of this small but effective company, for the critical role that they have been playing in the development of water systems to serve residents of rural communities throughout Jamaica.

It is important to note that the cost of providing water in rural areas is often higher than in urban areas, because the infrastructure to move water to the areas where it is needed is oftentimes challenging, and this is coupled with low population densities.

The RWSL has been providing improved water systems through rainwater harvesting, which is a welcome investment that uses simple and easy-to-maintain technologies.

Many residents in several rural communities have been benefiting from this viable watersupply mode, as the Rural Water Supply

Limited continues to upgrade a number of catchment tanks. During the last financial year, seven thousand five hundred (7,500) residents in the parish of St. Elizabeth received improved water supply through a \$12M Rainwater Catchment Tank Rehabilitation Programme.

This year additional rainwater harvesting systems and catchment tanks were upgraded in the parishes of St. James, Manchester and Clarendon at a cost of \$27M.

Additionally, two hundred and seventy million dollars (\$270M) was spent to provide improved water supply systems for 43,200 residents in the following communities:

- Cascade Water Supply System south west St. Ann
- Comfort Hall/Copperwood - south St. James
- Quaminus - south Clarendon
- Farmers Heights - north east Clarendon
- Wharf Lane - west Portland
- John Groyne - north west St. Catherine
- Broadgate - south east St. Mary

Twenty-two million dollars (\$22M) was also spent to upgrade and provide remedial works on water systems in the communities of:

- Lottery in east central St. James
- Mt. Rosser in north west St. Catherine (spring entombment)
- Bamboo Ridge in south west St. Catherine (pipeline extension)
- Western Westmoreland (upgrading of small water supply systems)

**Message from the Minister of Water, Land, Environment & Climate Change**  
**Hon. Robert Pickersgill, M.P.**

water supply systems)

I wish to congratulate the staff of the RWSL for these achievements as they continue to play their part to assist in ensuring that all Jamaicans have access to potable water by 2030.

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 the RWSL as the Agency continues to honour its mandate “to efficiently manage the implementation of projects by ensuring adherence to standards, time schedule and budget”.

Robert Pickersgill M.P.

**Minister**

## Message from the Chairman John-Paul A. White



On behalf of the Board of Directors, I am extremely pleased to present to you the Annual Report for the Financial Year 2012/2013.

The staff of the Rural Water Supply Limited (RWSL) is proud of the varied experiences which they have gained over the many years of the company's existence.

Throughout the years, numerous water supply systems have been engineered all over the island. These include:- the Huddersfield/Mango Valley Waters Supply System, St. Mary; the Yallahs Pipeline, St. Thomas, the Darliston/ South East Westmoreland Water Supply Scheme, Westmoreland; the Fruitful Vale Water Supply Scheme, Portland; the Southern Clarendon Water Supply Scheme, Clarendon and the Waugh Hill Water Supply Scheme, St. Catherine just to name a few.

Through our thrust for the improvement of water supply and sanitation in rural communities, we have continued the programme of upgrading Minor Water Supply

systems, in addition to catchment tanks which have been repaired under the Rainwater Harvesting Project.

Going forward, RWSL will continue to focus its effort on the rehabilitation of minor water supply systems and water catchment tanks. Twenty six (26) new projects will also be implemented throughout the island, under the Major Rural Water Supply Upgrading Programme.

I believe we have achieved commendable results in the water sector despite the challenging economic realities.

The credit for the Company's success rests on the performance of our highly skilled and committed engineers and professionals, supported by a devoted and competent Board of Directors of which I am proud to be a part of. The Staff at RWSL have constantly improved their work methods through training and retention programs.

Rural Water Supply Limited's financial performance over the year has been satisfactory as we are able to report improvements in all areas of our operations. This is mainly due to the new directions and deliberate strategies implemented by the new Board of Directors appointed in the latter part of the financial year 2011/2012.

There has also been an overall reduction in Revenue of 6 % year over year, with Total Income moving from \$127.9M in 2011/12 to \$120M in 2012/2013. This is against the continued reduction in Government

## Message from the Chairman John-Paul A. White

Subventions moving from \$114m in 2011/12 to \$87m in 2012/13, or a 23% reduction. Despite this reduction, we have been able to increase our Income from Consultancy Fees from \$12.8M in 2011/2012 to \$30M in 2012/13 thus representing a 136% increase, with sustained efforts to aggressively improve revenues in the new financial year.

Operating Expenses have increased year over year moving from \$109m to \$116M, which represents an increase of 6.4%. This increase in Operating Expense was in the context of the increase in the level of the Company's activity and general inflation.

For the year under review, Rural Water Supply Limited reported a moderate surplus of just over \$4M and the Company was able to reduce its Accumulated Losses of \$26.5M in 2010/2011 to approximately \$22.4M or 15% during this reporting period.

Despite the economic challenges, Rural Water Supply Limited remains committed to execute its mandate in delivering potable water solutions on a timely and efficient manner.

John-Paul A. White,  
Chairman



## Message from the Managing Director Audley Thompson.



Rural Water Supply Limited (RWSL) continues in its role as a primary supplier of technical expertise for the implementation of rural water projects for the water sector, being an agency of the Ministry of Water, Land, Environment and Climate Change.

For the Financial Year 2012-2013, under the Government of Jamaica Capital "A" budget programme, the main emphasis was on completion of on-going projects, the upgrading of catchment tank facilities and the rehabilitation of rainwater harvesting facilities, island wide. Projects were completed in the following parishes:-

### **St. James-**

Lottery Water Supply System Upgrade  
Copperwood Water Supply System upgrade

### **St. Catherine -**

Bamboo Ridge Pipeline Expansion  
John's Groin Water Supply System Upgrade (Phase II)  
Mt. Rosser Spring Entombment Rehabilitation

### **St. Ann-**

Farmers Height Water Supply System  
Cascade Water Supply System

### **St. Mary-**

Broadgate Water Supply System

### **Portland-**

Wharf Lane Water Supply System

### **Westmoreland-**

Geneva Ghetto Water Supply System

### **Clarendon-**

Quaminus to Lionel Town Water Supply System

### **Islandwide Catchment Tanks Rehabilitation**

RWSL has, in collaboration with local Parish Councils, developed a programme to investigate and rehabilitate catchment tanks on an island wide basis. Preliminary investigations which were carried out on two hundred eighty two (282) catchment tanks located throughout Jamaica have indicated that approximately \$250M is required for the repairs of these tanks to allow them to be functional.

Catchment Tanks Completed within the Financial Year included:-

**\*Kensington, Brown's Hall and Camrose in St. James;**

**\*Top Hill and Seafield in St. Catherine**

## Message from the Managing Director Audley Thompson.

RWSL has been contracted by the National Water Commission (NWC) to carry out designs and construction supervision for several major water supply projects under the RWSL/NWC K-Factor Programme. In this regard, design works were completed and the tender process started on the following six (6) projects:-

1. Cascade/Claremount/Jericho Water Supply System, Hanover
2. Nonpariel/Retirement/Orange Hill Water Supply System, Westmoreland
3. Burnt Savannah Water Supply System, St. Elizabeth
4. Bull Head/Mason River/Kellits Water Supply System, Clarendon
5. Eastern Westmoreland Distribution System, Eastern Westmoreland
6. Agualta Vale/Highgate/Richmond Water Supply System, St Mary

These six (6) projects form a part of the first phase of an overall twenty six (26) projects to be developed at a cost of \$4.4B. Upon completion, it is expected that 250,000 residents will benefit from access to piped potable water. The initiative is expected to increase rural water supply coverage by 20 to 21%.

RWSL, being a Registered Professional Engineering Company, has continued to provide consultancy service to Public Sector Entities such as the Ministry of Transport Works & Housing and the NWC. This is in an effort to generate earnings to bolster a major

portion of its administrative expenses.

Achieving scheduled targets through efficient operations have always been the standard code and characteristics in the services provided by RWSL. The fidelity and resolute commitment to the service provided by all staff members, in responding to the water needs of the country, are a proud achievement.

The entire staff complement is to be commended for the matchless performance and steadfast dedication and loyalty to their discipline and country during the year in review and beyond. I am truly grateful and honoured to be a part of the team of public servants which constitute RWSL.

**Audley Thompson,**  
Managing Director



**Board of Directors - 2012 / 2013**



**John-Paul A. White**  
**Chairman**



**Audley Thompson – M.D.**



**Debbie-Ann Kerr-Scott**



**Joseph Taffe**



**Hugh Graham**



**Basil Fernandez**



**Dennis Wanliss**



**Norman Scott**



**Omar Oliphant**

## REPORT ON PROJECTS.....

Project	Planned Targets for Period	Major Tasks	Achievements
<u>Colbeck W.S.S.</u> <u>- St Catherine</u> <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 - \$24.385M</b> <b>Ph 3 - \$0.081M</b> <b>Exp. this period:</b> <b>Ph 3 - \$0.081M</b>	To construct deep well pumping plants & relift stations. To construct Storage Tanks. To complete all related pipe work including bridge crossings.	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.	<b>Commissioning of Phase 2 completed.</b> <b>Phase 3 completed.</b> <b>Commissioning of Phase 3 ongoing.</b>
<u>Broadgate W.S.S.</u> <u>- St Mary.</u> <b>Project cost:</b> <b>Ph 1 - \$5.1M</b> <b>Ph 2 - \$50.0M</b> <b>Exp. To date:</b> <b>\$53.81M</b> <b>Exp. this period:</b> <b>Ph 2 - \$0.556M</b>	To develop Well. To construct pumping station. To complete all pipelines. To construct Storage Tank	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.	<b>Commissioning ongoing.</b>
<u>Quaminus W.S.S.</u> <u>- Clarendon</u> <b>Project cost:</b> <b>\$110.00M</b> <b>Exp. To date:</b> <b>\$108.18M</b> <b>Exp. this period:</b> <b>\$5.137M.</b>	To install Transmission Mains. To supply and install Well Pump. To construct Storage Tank. To install distribution pipelines.	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.	<b>Completed</b>
<u>Johns Groyne WS</u> <u>- St Catherine</u> <b>Project cost:</b> <b>\$17.50M</b> <b>Exp. To date:</b> <b>\$17.574M</b> <b>Exp. this period:</b> <b>\$7.676M</b>	To construct spring intake and install pipelines. To construct chlorination facility and reservoir.	To achieve 100% construction of spring intake and installation of pipelines. To achieve 100% of chlorination facility and reservoir	<b>Completed.</b>



Project	Planned Targets for Period	Major Tasks	Achievements
<u>Cascade W.S.S.</u> <u>– St Ann</u> Project cost: Ph 1 - \$29.75M Ph 2 – \$30.000M Exp. To date: Ph 1 - \$29.75M Ph 2 - \$36.635M Exp. this period: \$7.493M	To construct slow sand filter plant. To construct Storage Tank. To complete all related pipe work including bridge crossings.	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 and pipeline extensions.	<b>Completed.</b>
W C St Catherine: Colbeck Heights / Red Ground / Bartons W.S.S. Project cost: \$31.000M Exp. To date: \$30.931M Exp. this period: \$0.099M	To install distribution pipelines. To construct steel tank.	To achieve 100% installation of 50mm G.I. distribution pipelines. To achieve 100% construction of steel tank.	<b>COMPLETED</b>
<u>Peace River</u> <u>W.S.S. -</u> <u>Clarendon</u> Project cost: \$19.000M Exp. To date: \$18.179M Exp. this period: \$0.395M	To install distribution pipelines. To construct storage tank.	50% installation of distribution pipelines. To invite tenders for tank construction.	<b>Completed.</b>
<u>Amity W.S.S.</u> <u>– Westmoreland</u> Project cost: \$1.500M Exp. To date: \$1.161M Exp. this period: \$1.161M	To achieve 100% construction of distribution pipelines.	<u>Amity W.S.S.</u> <u>– Westmoreland</u> Project cost: \$1.500M Exp. To date: \$1.161M Exp. this period: \$1.161M	50% construction of distribution pipelines.

Project	Planned Targets for Period	Major Tasks	Achievements
<u>Wharf Lane</u> <u>W.S.S.</u> <u>- Portland</u> <b>Project cost:</b> <b>\$27.50M</b> <b>Exp. To date:</b> <b>\$2.637M</b> <b>Exp. this period:</b> <b>\$1.496M</b>	To improve Intake. To install Pumping Mains and 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	<b>Completed.</b>
<u>Comfort Hall</u> <u>W.S.S. – St James</u> <b>Project cost:</b> <b>\$40.000M</b> <b>Exp. To date:</b> <b>\$30.990M</b> <b>Exp. this period:</b> <b>\$8.019M</b>	To install distribution pipelines. To construct pumping stations. To construct / refurbish Storage Tanks	To achieve 100% installation of distribution pipelines. To achieve 100% construction of pumping station. To achieve 90% construction / refurbishment of Storage Tank	75% construction of Works.



Cascade Water Supply, St Ann - Storage Tank

## CONSTITUENCY DEVELOPMENT FUND

**Constituency  
Development  
Funded projects**  
Exp. this period:  
\$2.064M

Installation of catchments and pipelines for sundry minor water supplies across the island. **3 projects completed.**

## COMPREHENSIVE RURAL WATER UPGRADING PROGRAMME

**Comprehensive  
Rural Water  
Upgrading  
Programme**

To achieve 100% construction of minor water supplies across the island to include intakes, pipelines, pumping stations, storage tanks and catchment tanks.

To construct or repair intakes, pipelines, pumping stations, storage tanks and catchment tanks.

**23 Minor Water Supply Systems Completed.**

**12 Minor Water Supply Systems Ongoing**

**Program Budget:**  
\$28.610M  
**Exp. this period:**  
\$28.468M

## CATCHMENT TANK REPAIRS & RAINWATER HARVESTING PROGRAM

**Catchment Tank  
Repairs &  
Rainwater  
Harvesting  
Programme**

Refurbishment/Installation of for sundry minor water supplies across the island.

**15 Minor Water Supply Systems Completed.**

**2 Minor Water Supply Systems Ongoing**

**Program Budget:**  
\$29.900M  
**Exp. this period:**  
\$29.949M



## Operational Plan 2013/2014

<b>CAPITAL 'A' PROJECTS</b>								
Project	QTR 1 Target	Cost J\$M	QTR 2 Target	Cost J\$M	QTR 3 Target	Cost J\$M	QTR 4 Target	Cost J\$M
<b>Cascade W.S.S.</b>								
Extension to Pipelines	25%	0.25	50%	0.25	75%	0.50	100%	0.60
<b>Catadupa W.S.S.</b>								
Installation of Distribution Pipelines	100%	0.25						
<b>Comfort Hall W.S.S.</b>								
Complete all Pipelines	25%	2.00	50%	2.00	75%	2.00	100%	2.00
<b>Amity W.S.S.</b>								
Replacement of Distribution Lines	100%	0.10						
<b>COMPREHENSIVE RURAL WATER UPGRADING PROGRAM</b>								
Construction of rural water supply schemes to impact needy communities	25%	15.00	50%	15.00	75%	15.00	100%	15.30
<b>CATCHMENT TANK REPAIRS &amp; RAINWATER HARVESTING PROGRAM</b>								
Catchment Tank Repairs / Rainwater Harvesting Projects	25%	12.00	50%	12.00	75%	12.00	100%	12.00
<b>CONSTITUENCY DEVELOPMENT FUND</b>								
Construction of rural water supply schemes to impact needy communities.	25%	1.50	50%	1.50	75%	1.50	100%	1.50



**Salaries and emoluments for Chairman, Directors & Senior Management Staff 2012/2013.....**

<b>Position of Director</b>	<b>Fees \$</b>	<b>Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)</b>	<b>Honoraria (\$)</b>	<b>All Other Compensation including Non-cash Benefits as applicable (\$)</b>	<b>Total (\$)</b>
Chairman 1	146,000.00	0.00	0.00	0.00	146,000.00
Director 1	135,000.00	0.00	0.00	0.00	135,000.00
Director 2	136,000.00	0.00	0.00	0.00	136,000.00
Director 3	128,000.00	0.00	0.00	0.00	128,000.00
Director 4	163,500.00	0.00	0.00	0.00	163,500.00
Director 5	109,000.00	0.00	0.00	0.00	109,000.00
Director 6	165,000.00	0.00	0.00	0.00	165,000.00
Director 7	114,500.00	0.00	0.00	0.00	114,500.00
Director 8 ( Previous Administration)	-8,030.00	0.00	0.00	0.00	-8,030.00

<b>POST</b>	<b>SALARY</b>	<b>M/V UP-KEEP</b>	<b>GRATUITY</b>	<b>TOTAL</b>
Managing Director	4,585,878.82	975,720.00	1,142,937.20	<b>6,704,536.02</b>
General Manager, Engineering	3,256,680.84	975,720.00	783,052.09	<b>5,015,452.93</b>
Finance Manager	3,569,544.66	796,500.00	892,386.16	<b>5,258,430.82</b>
HR & Corporate Services Manager	3,382,107.43	514,500.00	792,117.75	<b>4,688,725.18</b>



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

**Audley Thompson**  
**Managing Director**

**RURAL WATER SUPPLY LIMITED**

**YEAR ENDED MARCH 31, 2013**

**CONTENTS**

	Page
Independent Auditors' Report - to the Board of Directors	1

**FINANCIAL STATEMENTS**

Statement of Financial Position	2
Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 28

**ADDITIONAL INFORMATION**

	Page
Report to the Directors	1
Expenses	2
Work-In-Progress	3



## **INDEPENDENT AUDITORS' REPORT**

**To the members of**

**RURAL WATER SUPPLY LIMITED**

### **Report on the financial statements**

We have audited the financial statements of Rural Water Supply Limited (the Company), set out on pages 2 to 28, which comprise the statement of financial position as at March 31, 2013, the statement of comprehensive income, the statement of changes in equity and the statement of 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 of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and of such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**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, 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Other Matter*

The financial statements of the Company for the year ended March 31, 2012, were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those statements on January 31, 2013.

**Report on additional requirements of the Companies Act, 2004 of Jamaica**

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 and the financial statements are in agreement therewith and give the information required in the manner so required.

A handwritten signature in cursive script that reads "Deloitte &amp; Touche".

Chartered Accountants

Kingston, Jamaica,

August 30, 2013




**RURAL WATER SUPPLY LIMITED**  
**STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2013**

	<u>Notes</u>	<u>2013</u> \$'000	<u>2012</u> \$'000
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property and equipment	5	5,997	4,950
Work-in-progress	6	<u>318,300</u>	<u>414,247</u>
<b>Total non-current assets</b>		<u>324,297</u>	<u>419,197</u>
<b>Current assets</b>			
Receivables and prepayments	7	12,011	53,068
Cash, bank and short-term deposits	8	<u>50,279</u>	<u>66,257</u>
<b>Total current assets</b>		<u>62,290</u>	<u>119,325</u>
<b>Total assets</b>		<u>386,587</u>	<u>538,522</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
Share capital	9	- *	- *
Capital reserve	10	-	480
Special reserve	11	10,640	10,640
Accumulated deficit	23	<u>( 22,466)</u>	<u>( 26,545)</u>
<b>Total equity</b>		<u>( 11,826)</u>	<u>( 15,425)</u>
<b>Current liabilities</b>			
Project advances	12	345,623	437,355
Payables and accruals	13	<u>52,790</u>	<u>116,592</u>
<b>Total current liabilities</b>		<u>398,413</u>	<u>553,947</u>
<b>Total equity and liabilities</b>		<u>386,587</u>	<u>538,522</u>

\* Denotes less than J\$1,000

The Notes on Pages 6 to 28 form an integral part of the Financial Statements.

The financial statements on Pages 2 to 28 were approved and authorised for issue by the Board of Directors on August 30, 2013, and are signed on its behalf by:

  
 Director

  
 Director

## RURAL WATER SUPPLY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED MARCH 31, 2013

	<u>Notes</u>	<u>2013</u> \$'000	<u>2012</u> \$'000
<b>INCOME</b>			
Government subventions	14	87,090	114,000
Consultancy fees	15	30,486	12,889
Finance income	16	2,006	317
Other income	17	<u>586</u>	<u>740</u>
		<u>120,168</u>	<u>127,946</u>
<b>EXPENSES</b>			
Staff cost	18	97,030	85,165
Property		879	9,409
Motor vehicle		492	368
Utilities, rates and taxes		1,453	1,233
Depreciation		1,512	1,646
Bad debts		6,482	5,393
Advertising and public relations		651	523
Professional fees		976	660
Other		<u>6,614</u>	<u>4,384</u>
		<u>116,089</u>	<u>108,781</u>
<b>NET SURPLUS</b>	19,20	<u>4,079</u>	<u>19,165</u>
<b>NET SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>4,079</u>	<u>19,165</u>

The Notes on Pages 6 to 28 form an integral part of the Financial Statements.

**RURAL WATER SUPPLY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED MARCH 31, 2013**

	<u>Notes</u> <u>Total</u>	<u>Share</u> <u>Capital</u>	<u>Capital</u> <u>Reserve</u>	<u>Special</u> <u>Reserve</u>	<u>Accumulated</u> <u>Losses</u>	
		\$'000 \$'000	\$'000	\$'000	\$'000	
Balance at April 1, 2011 as previously stated		-	480	-	(45,710)	(45,230)
Prior year restatement	23	-	-	-	10,640	10,640
Transfer to special reserve	11	<u>-</u>	<u>-</u>	<u>10,640</u>	<u>(10,640)</u>	<u>-</u>
Balance at April 1, 2011 as restated		<u>-</u>	<u>480</u>	<u>10,640</u>	<u>(45,710)</u>	<u>(34,590)</u>
<i>Net surplus and Total Comprehensive</i>						
<i>Income for the year</i>		<u>-</u>	<u>-</u>	<u>-</u>	<u>19,165</u>	<u>19,165</u>
Balance at March 31, 2012		<u>-</u>	<u>480</u>	<u>10,640</u>	<u>(26,545)</u>	<u>(15,425)</u>
Transfer from capital reserve to income		-	(480)	-	-	( 480)
<i>Surplus and Total Comprehensive</i>						
<i>Income for the year</i>		<u>-</u>	<u>-</u>	<u>-</u>	<u>4,079</u>	<u>4,079</u>
Balance at March 31, 2013		<u>-</u>	<u>-</u>	<u>10,640</u>	<u>(22,466)</u>	<u>(11,826)</u>

The Notes on Pages 6 to 28 form an integral part of the Financial Statements.

## RURAL WATER SUPPLY LIMITED

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2013

	<u>Note</u>	<u>2013</u> \$'000	<u>2012</u> \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b><u>Net surplus</u></b>		4,079	19,165
Adjustments for:			
Depreciation of property and equipment		1,512	1,646
Loss on disposal of property and equipment		74	-
Foreign exchange adjustment		( 403)	-
Deferred income		( 480)	-
Interest income		( 1,603)	-
Increase in provision for bad debts		<u>6,429</u>	<u>-</u>
Operating cash flows before movement in working capital		9,608	20,811
Decrease (increase) in receivables and prepayments		34,628	( 26,499)
Decrease in payables and accruals		<u>( 60,651)</u>	<u>( 51,239)</u>
Net cash used in operating activities		( 16,415)	( 56,927)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b><u>Interest received</u></b>		1,537	-
Acquisition of property and equipment		( 2,641)	( 4,596)
Proceeds on sale of property and equipment		8	-
Work-in-progress		<u>( 77,154)</u>	<u>(132,293)</u>
Cash used in investing activities		<u>( 78,250)</u>	<u>(136,889)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital grant received		<u>78,218</u>	<u>174,277</u>
Cash provided by investing activities		<u>78,218</u>	<u>174,277</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		( 16,447)	( 19,539)
<b>OPENING CASH AND CASH EQUIVALENTS</b>		66,257	85,796
Effect of foreign exchange rate changes on the balance of cash held in foreign currency		<u>403</u>	<u>-</u>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	8	<u>50,213</u>	<u>66,257</u>

The Notes on Pages 6 to 28 form an integral part of the Financial Statements.

## 1 IDENTIFICATION

The Rural Water Supply Limited (the Company) formerly Carib Engineering Corporation Limited was established on April 21, 1983. The registered office of the Company is at The Towers, 25 Dominica Drive, Kingston 5. The Company's shares are held by the Accountant General on behalf of the Government of Jamaica.

The Company's principal activities are the designing, management and implementation of potable water supply systems mainly on behalf of the Government of Jamaica. The primary source of funding is through Government Subvention provided under the Capital 'A' budget financing specific projects as identified through the Ministry of Water, Land, Environment and Climate Change.

The financial statements are expressed in Jamaican dollars.

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

### Standards and Disclosures affecting presentation and disclosures in the current period (and/or prior periods)

There were no Standards and Interpretations that were applied in the year that affected the presentation and disclosures in these financial statements.

### Standards and Interpretations affecting the reported financial performance and/or financial position

There were no Standards and Interpretations that were applied in the year that affected reported financial performance and/or financial position.

### ***Standards and Interpretations adopted with no effect on financial statements***

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

		Effective for annual periods <u>beginning on or after</u>
<u>Amendments to Standards</u>		
IAS 12	Income Taxes – limited scope amendment (recovery of underlying assets)	January 1, 2012
IAS 27 and IFRS 3	Amendments arising from May 2010 Annual Improvements to IFRS	July 1, 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards	
	- Replacement of fixed dates for certain exceptions with the date of transition to IFRS	July 1, 2011
	- Additional exemption for entities ceasing to suffer from severe hyperinflation	July 1, 2011
IFRS 7	Financial Instruments: Disclosures	
	- Amendments enhancing disclosures about transfers of financial assets	July 1, 2011

2 **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)*****Standards and interpretations in issue not yet effective***

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

		<u>Effective for annual periods beginning on or after</u>
<u>New and Revised Standards</u>		
IAS 1, 16, 32, 34 and IFRS 1	Amendment arising from 2009 - 2011 Annual Improvements to IFRS	January 1, 2013
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 1, 2012
IAS 19	Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 1, 2013
IAS 27	Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements	January 1, 2013
IAS 28	Investments in Associates - Reissued as IAS 28 Investments in Associates and Joint Ventures	January 1, 2013
IAS 32	Financial Instruments: - Amendments to application guidance on the offsetting of financial assets and financial liabilities	January 1, 2014
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendment for Government loan with a below-market rate of interest when transitioning to IFRS	July 1, 2013
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosures about offsetting financial assets and financial liabilities - Amendments requiring disclosures about the initial application of IFRS 9	January 1, 2013 January 1, 2015 (or otherwise when IFRS 9 is first applied)
IFRS 9	Financial Instruments: Classification and Measurement of financial assets	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 10, 12 and IAS 27	Consolidated Financial Statements, Disclosure of Interests In Other Entities, and Separate Financial Statements - Amendments for investment entities	January 1, 2014
IFRS 10, 11, and 12	Consolidated Financial Statements, Joint Arrangements, and Disclosure of Interests in Other Entities - Transition guidance	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosures of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013



2 **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)*****Standards and interpretations in issue not yet effective (Cont'd)***

		Effective for annual periods <u>beginning on or after</u>
<u>New and Revised Interpretations</u>		
IFRIC 20	Stripping costs in the Production Phase of a Surface Mine	January 1, 2013
IFRIC 21	Levies	January 1, 2014

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

The Board of Directors and management have assessed the impact of all the new and revised Standards and Interpretations in issue not yet effective and have concluded that the following are relevant to the operations of the company:

Annual Improvements to IFRS 2009 – 2011 Cycle issued in May 2012

The Annual Improvements to IFRS 2009 – 2011 Cycle include a number of amendments to various IFRS. The amendments are effective for annual periods beginning on or after January 1, 2013. Amendments to IFRS include among others:

*Amendments to IAS 32 Financial Instruments: Presentation*

Amendments to IAS 32

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes*. The Directors anticipate that the amendments to IAS 32 will have no effect on the company's financial statements.

*IAS 1 Presentation of Financial Statements*

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

*Amendments to IFRS 7 and IAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures*

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after January 1, 2014, with retrospective application required. The directors do not anticipate that the amendments will have a significant effect on the company's financial statements.

**2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)**New and Revised Standards and Interpretations in issue not yet effective that are relevant (Cont'd)*IFRS 9 Financial Instruments*

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

## Key requirements of IFRS 9:

All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors and management anticipate that IFRS 9 will be adopted in the company's financial statements for the annual period beginning April 1, 2015 and that the application of IFRS 9 may impact the amounts reported in respect of the company's financial assets and liabilities. However, the directors have not yet completed their analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the likely impact.

*IFRS 13 Fair value Measurement*

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope. Management has not yet completed its assessment of the impact of this IFRS on the company's financial statements.

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 **Statement of compliance**

The Company's financial statements have been prepared in accordance, and comply with International Financial Reporting Standards (IFRS) and the relevant requirements of the Companies Act, 2004 of Jamaica.

#### 3.2 **Basis of preparation**

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets.

The principal accounting policies are set out below and have been consistently applied.

#### 3.3 **Property and equipment**

All property and equipment held for use in the supply of services, or for administrative purposes, are recorded at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged so as to write off the cost of property and equipment less residual values, over the estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in surplus or deficit.

#### 3.4 **Impairment of tangible assets**

At the end of each reporting year, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised immediately in surplus or deficit.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.5 ***Project advances***

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

- (i) On receipt of Ministry of Finance subventions from the annual budget.
- (ii) On receipt of cash, goods or services from International Funding Agencies and other Governments.
- (iii) On payment of project liabilities by Government of Jamaica.

#### 3.6 ***Financial instruments***

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities or are recognised immediately in surplus or deficit, as appropriate, on initial recognition.

#### 3.7 ***Financial assets***

Financial assets of the Company are classified into the following specified category: "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All purchases or sales of financial assets are recognised and derecognised on a trade date basis, and require delivery of assets within the timeframe established by regulation or convention in the market place.

##### 3.7.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including receivables and prepayments, cash and bank balances which are short-term in nature and held-to-maturity investments) are measured at amortised cost using the effective interest method less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### 3.7.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for the debt instruments.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.7 *Financial assets (Cont'd)*

##### 3.7.3 Impairment of financial assets

Financial assets are assessed for indication of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are in addition assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, and increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the surplus or deficit. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



### 3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.7 *Financial assets (Cont'd)*

##### 3.7.4 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in surplus or deficit.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Company retains control), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised is recognised in surplus or deficit.

#### 3.8 *Financial liabilities and equity instruments issued by the Company*

##### 3.8.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### 3.8.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

##### 3.8.3 Financial liabilities

3.8.3.1 Financial liabilities of the Company are classified as other financial liabilities.

Other financial liabilities are initially measured at fair values net of transaction costs and subsequently measured at amortised cost using the effective interest method.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.8 *Financial liabilities and equity instruments issued by the Company (Cont'd)*

##### 3.8.3 Financial liabilities (Cont'd)

###### 3.8.3.1 (Cont'd)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, (where appropriate), a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

###### 3.8.3.2 *Derecognition of financial liabilities*

The Company derecognises financial liability when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in surplus or deficit.

#### 3.9 *Related party transactions and balances*

A party is related to the Company if:

- (i) directly, or indirectly through one or more intermediaries, the party:
  - controls, is controlled by, or is under common control with, the Company (this includes parent, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the Company; or
  - has joint control over the Company;
- (ii) the party is an associate of the Company;
- (iii) the party is a joint venture in which the Company is a venturer;
- (iv) the party is a member of the key management personnel of the Company;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

Related party transactions and balances are recognised and disclosed in the financial statements.

Transactions with related parties are recorded in accordance with the normal policies of the Company at transaction dates.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.10 *Taxation*

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the end of the reporting period.

##### Deferred tax

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

#### 3.11 *Revenue recognition*

##### 3.11.1 *Government subvention*

Government subvention are recognised in surplus or deficit on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government subvention that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in surplus or deficit in the period in which they become receivable.

##### 3.11.2 *Consultancy fees*

The Company's policy for recognition of revenue from external consultancy is to gradually recognise income when the outcome of the transaction can be reliably estimated by reference to the stage of completion.

##### 3.11.3 *Interest income*

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.12 *Foreign currencies*

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency, the Jamaican dollar, are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences on monetary items are recognised in surplus or deficit in the period in which they arise.

#### 3.13 *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3, the management and directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### 4.1 *Critical judgments in applying accounting policies*

Management and directors believes that are no judgements made apart from those involving estimation, in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

#### 4.2 *Key sources of estimation uncertainty*

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

##### 4.2.1 Depreciation of property and equipment

Depreciation is provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets require the use of estimates and judgements. Details of the estimated useful lives are as disclosed in Note 5.

## 5 PROPERTY AND EQUIPMENT

	Leasehold Improvements \$'000	Computers \$'000	Furniture, Fixtures and Equipment \$'000	Motor Vehicles \$'000	TOTAL \$'000
<b>Cost</b>					
April 1, 2011	1,579	8,315	5,575	783	16,252
Additions	-	3,859	737	-	4,596
Adjustment	-	-	-	910	910
March 31, 2012	<u>1,579</u>	<u>12,174</u>	<u>6,312</u>	<u>1,693</u>	<u>21,758</u>
Additions	1,750	-	891	-	2,641
Disposals	-	(1,105)	(141)	-	(1,246)
Derecognised – write-off	-	(6,219)	(3,915)	-	(10,134)
March 31, 2013	<u>3,329</u>	<u>4,850</u>	<u>3,147</u>	<u>1,693</u>	<u>13,019</u>
<b>Depreciation</b>					
April 1, 2011	1,452	7,888	4,129	783	14,252
Charge for year	42	1,109	495	-	1,646
Adjustment	-	-	-	910	910
March 31, 2012	<u>1,494</u>	<u>8,997</u>	<u>4,624</u>	<u>1,693</u>	<u>16,808</u>
Charge for year	393	627	492	-	1,512
Disposal	-	(1,105)	(59)	-	(1,164)
Eliminated on write-off of assets	-	(6,219)	(3,915)	-	(10,134)
March 31, 2013	<u>1,887</u>	<u>2,300</u>	<u>1,142</u>	<u>1,693</u>	<u>7,022</u>
<b>Carrying Amount</b>					
March 31, 2013	<u>1,442</u>	<u>2,550</u>	<u>2,005</u>	-	<u>5,997</u>
March 31, 2012	<u>85</u>	<u>3,177</u>	<u>1,688</u>	-	<u>4,950</u>

The following useful lives are used in the calculation of depreciation:

Leasehold improvements	-	4 years
Computers	-	4 years
Furniture, fixtures and equipment	-	5 - 10 years
Motor vehicles	-	5 years



6 **WORK IN PROGRESS**

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

	Projects funded from the Constituency Development funds \$'000	Projects Funded from Capital 'A' Budget \$'000	Projects Funded from Capital 'A' Budget - (Comprehensive Rural Water Upgrade) \$'000	TOTAL \$'000
Balance at April 1, 2011	21,859	818,018	-	839,877
Cost incurred during the year	6,388	72,578	53,327	132,293
Projects completed during the year	(22,375)	(518,606)	(16,942)	(557,923)
Balance at March 31, 2012	<u>5,872</u>	<u>371,990</u>	<u>36,385</u>	<u>414,247</u>
Cost incurred during the year	2,064	32,016	44,239	78,319
Projects completed during the year	( 2,375)	(123,340)	(44,236)	(169,951)
Adjustments	( 38)	( 3,393)	( 884)	( 4,315)
Balance at March 31, 2013	<u>5,523</u>	<u>277,273</u>	<u>35,504</u>	<u>318,300</u>

Adjustments are primarily with respect to the write back of contractors' payables which have expired and or cancelled.

## 7 RECEIVABLES AND PREPAYMENTS

7.1 These include:

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
Subvention receivable	302	38,291
Consultancy fees	9,177	7,067
Staff loans and advances	3,328	1,599
Deposits	137	150
Other receivables	6,160	6,446
Prepayments	<u>183</u>	<u>362</u>
	19,287	53,915
Less: Allowance for doubtful debts	<u>( 7,276)</u>	<u>( 847)</u>
	<u>12,011</u>	<u>53,068</u>

7.2 Movement in the allowance for doubtful debts:

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
Balance at beginning of the year	847	-
Impairment losses recognised on receivables	<u>6,429</u>	<u>847</u>
Balance at end of the year	<u>7,276</u>	<u>847</u>

Consultancy fees are in respect of engineering services and are normally settled within 30 days of billing.

Receivables are reviewed for indicators of impairment and relevant allowances are recognised accordingly. The allowance is in respect of receivables which are in excess of one year and are deemed unlikely to be recovered.

## 8 CASH, BANK AND SHORT-TERM DEPOSITS

8.1 These comprise:

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
Funds held for administration and resource management	40,966	48,243
Funds held for consultancy projects	1,841	8,783
Staff Revolving Loan Fund	<u>7,406</u>	<u>9,231</u>
Cash and cash equivalents	50,213	66,257
Interest accrued	<u>66</u>	<u>-</u>
Cash, bank and short-term deposits	<u>50,279</u>	<u>66,257</u>

## 8 CASH, BANK AND SHORT-TERM DEPOSITS (Cont'd)

8.2 For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in Money Market instruments with an original maturity of three months or less from the date of acquisition.

Funds are deposited as follows:

	Average Interest Rate	<u>2013</u> \$'000	<u>2012</u> \$'000
	%		
Fixed deposit (Jamaican dollars)	5.12	31,028	-
Fixed deposit (foreign currency) US\$19,714 (2012 - US\$19,560)	0.80	1,949	1,708
Cash on hand and in banks:			
– Current accounts	-	15,644	63,043
– Saving accounts - including US\$15,149 (2012 - US\$15,108)	0.37	<u>1,592</u>	<u>1,506</u>
Cash and cash equivalents		<u>50,213</u>	<u>66,257</u>

## 9 SHARE CAPITAL

	<u>2013</u> \$	<u>2012</u> \$
Authorised, issued and fully paid 200 Ordinary shares at no par value at beginning and end of the year		
Stated capital:		
Balance at April 1 and March 31	<u>200</u>	<u>200</u>

## 10 CAPITAL RESERVE

This represents the value of computers donated to the Company.

	<u>2013</u> \$'000	<u>2012</u> \$'000
Balance at beginning of year	480	480
Transferred to income (Note 17)	<u>(480)</u>	-
Balance at end of year	<u>-</u>	<u>480</u>

## 11 SPECIAL RESERVE - REVOLVING LOAN FUND

This comprises the Company's share of surplus arising from the wound-up pension plan in March 2011. The Ministry of Finance and Public Service has given permission for this to be used as a staff revolving loan fund. The reserve was set up by transfer from surplus of the 2011 financial year.

12 **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.

	<u>2013</u> \$'000	<u>2012</u> \$'000
Balance at beginning of year	437,355	821,001
Capital grants received during the year	78,219	174,277
Set-off against work-in-progress (Note 6)	<u>(169,951)</u>	<u>(557,923)</u>
Balance at end of year	<u>345,623</u>	<u>437,355</u>

13 **PAYABLES AND ACCRUALS**

	<u>2013</u> \$'000	<u>2012</u> \$'000
Trade payable	147	1,875
Contractor's payable	33,739	92,761
<b><u>Rent payable</u></b>	9,316	9,316
Employee's benefit	6,311	6,764
Statutory contributions	-	2,714
Other payables and accruals	<u>3,277</u>	<u>3,162</u>
	<u>52,790</u>	<u>116,592</u>

Contractor's payable includes contractor's fees, retentions and contractor's levy. Contractor's retention amounting to \$3.150 million, brought forward from prior years (exceeding 7 years) for which no claims have been made by contractor's was written-off against work-in-progress during the period.

Rent payable represent amount payable to the Parent Ministry (Ministry of Water, Land, Environment and Climate Change) for rental of office space at 25 Dominica Drive, Kingston 5.

14 **GOVERNMENT SUBVENTIONS**

Government subventions include recurrent amounts received from the Ministry of Water, Land, Environment and Climate Change for administrative support. This is based on a fixed budgeted amount for the specific financial year. Subvention is recognised in the income statement in the same year as the related expenses.

15 **CONSULTANCY FEES**

Income from external consultancy represents engineering services provided to private or semi-private entities. Income from these sources is recognised gradually when the outcome of the transaction can be reliably estimated. This is done by reference to the stage of completion of the transaction as at the reporting date.

	<u>2013</u> \$'000	<u>2012</u> \$'000
Income from external consultancy	<u>30,486</u>	<u>12,889</u>



16 **FINANCE INCOME**

Finance income comprises:

	<u>2013</u> \$'000	<u>2012</u> \$'000
Interest income from bank and other short-term deposits	1,571	280
Interest income from staff loans	32	-
Foreign exchange conversion gain	<u>403</u>	<u>37</u>
	<u>2,006</u>	<u>317</u>

17 **OTHER INCOME**

	<u>2013</u> \$'000	<u>2012</u> \$'000
(Loss)/gain on write-off/sale of property and equipment	( 74)	433
Deferred income (Note 10)	480	-
Other	<u>180</u>	<u>307</u>
	<u>586</u>	<u>740</u>

18 **STAFF COST**

	<u>2013</u> \$'000	<u>2012</u> \$'000
Salaries and allowances	71,047	62,858
Gratuity	13,227	12,198
Vacation expense	996	-
Statutory contributions	3,641	3,784
Staff welfare and subsidies	<u>8,119</u>	<u>6,325</u>
	<u>97,030</u>	<u>85,165</u>

19 **NET SURPLUS**

Net surplus is stated after taking account of the following:

	<u>2013</u> \$'000	<u>2012</u> \$'000
Directors emoluments - fees	1,089	660
Auditors' remuneration	700	600
Depreciation	1,512	1,646

20 **TAXATION**

- (a) There is no current year tax charge as the Company has no chargeable income for tax purposes.
- (b) Subject to agreement with the Commissioner General, Tax Administration Jamaica, tax losses amounting approximately \$450.714 million (2012: \$367.361 million) are available for set-off against future taxable profits. No deferred taxation is recognised on these losses or any other temporary differences as no taxable profits are assessed as available in future against which such deductible temporary differences can be utilized.

21 **RELATED PARTY TRANSACTIONS AND BALANCES**

The following transactions were carried out with related parties comprising directors and key management personnel:

	<u>2013</u> \$'000	<u>2012</u> \$'000
Salaries and allowances including statutory contributions	<u>21,667</u>	<u>20,353</u>
Directors Fees	<u>1,089</u>	<u>660</u>

The remuneration of directors and key management is determined by the Ministry of Finance and Planning.

22 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT**22.1 **Capital risk management**

The Company manages its capital to ensure that the entity will be able to continue as a going concern. The Company is a Government owned entity and its operations are funded by the Government of Jamaica. The Board of Directors is responsible to obtain adequate funding from the Government of Jamaica for its operations to ensure that the Company meets its operational objectives and remains a viable entity. The Company's overall capital risk management strategy remains unchanged from 2012.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to the Government of Jamaica.

22.2 **Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 3 to the financial statements.

22.3 **Categories of financial instruments**

	<u>2013</u> \$'000	<u>2012</u> \$'000
Financial assets (at amortised cost)		
Loans and receivables (including cash and bank balances)	62,107	118,963
Financial liabilities (at amortised cost)		
Payables	46,480	109,828

22 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)**22.4 **Financial risk management objectives**

The Company's financial risk management policies are directed by the Board of Directors, assisted by a committee of the Board and the senior management. The Company's activities expose it to credit related risks, liquidity risks and market risks that include foreign currency risks and interest rate risks.

The annual budgeting exercise and the continuing monitoring of the operations of the Company against the budgets allow the Board and the senior management to achieve its objectives and to manage relevant financial risks that could be faced by the entity.

22.5 **Credit risk**

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. The Company's principal financial assets are cash and bank balances, receivable and Investments. The credit risk on cash and bank balances is limited as the Company minimises this risk by seeking to limit its obligations to substantial financial institutions. In respect of receivables the risk is minimised by extending credit to credit worthy parties. Receivables representing staff loans are deducted from emoluments on a monthly basis.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company maximum exposure to credit risk.

22.6 **Liquidity risk management**

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The directors do not consider that there is a significant liquidity risk because the operations are funded by the Government of Jamaica.

The table below summarises the Company's remaining contractual maturities for the financial assets and financial liabilities.

	2013			
	Weighted Average Effective Rate %	Less than 1 Month \$'000	1 to 12 Months \$'000	Total \$'000
<b>Financial assets</b>				
Receivables	-	-	11,894	11,894
Cash and bank deposits	5	<u>50,213</u>	<u>-</u>	<u>50,213</u>
		<u>50,213</u>	<u>11,894</u>	<u>62,107</u>
<b>Financial liabilities</b>				
Payables	-	<u>46,480</u>	<u>-</u>	<u>46,480</u>
		<u>3,733</u>	<u>11,894</u>	<u>15,627</u>

22 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)**22.6 **Liquidity risk management (Cont'd)**

	2012			
	Weighted Average Effective <u>Rate</u> %	Less than <u>1 Month</u> \$'000	1 to 12 <u>Months</u> \$'000	<u>Total</u> \$'000
<b>Financial assets</b>				
Receivables	-	-	52,706	52,706
Cash and bank deposits	-	<u>66,257</u>	-	<u>66,257</u>
		<u>66,257</u>	<u>52,706</u>	<u>118,963</u>
<b>Financial liabilities</b>				
Payables	-	109,828	-	109,828
		<u>( 43,571)</u>	<u>52,706</u>	<u>9,135</u>

22.7 **Market risk**

The Company's investment activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. (See Notes 22.8 and 22.9).

There has been no change to the manner in which the Company manages and measures this risk.

22.8 **Foreign currency risk management**

The Company undertakes certain transactions denominated in currencies other than the Jamaican dollar.

The following balances held in United States dollars are included in these financial statements:

	<u>2013</u> \$'000	<u>2012</u> \$'000
<b><u>Cash and bank deposits - United States dollars</u></b>	<u>35</u>	<u>35</u>

## 22 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

### 22.8 Foreign currency risk management (Cont'd)

#### 22.8.1 Foreign currency sensitivity analysis

The Company's deposits are exposed to the United States dollar. The Company's sensitivity to a 1% revaluation or 10% devaluation (2012: 1% revaluation or devaluation) in the Jamaican dollar against the United States dollar is the sensitivity rate that represents management's assessment of the reasonably possible change in foreign exchange rate in the short-term.

The sensitivity to a 1% revaluation or 10% devaluation (2012: 1% revaluation or devaluation) in the Jamaican dollar against the United States dollar would be a decrease of J\$0.035 million or an increase of J\$0.345 million in net surplus (2012: decrease or increase in net surplus J\$0.035 million).

There was no significant exposure to foreign exchange risk, the foreign currency sensitivity remains the same as prior year.

### 22.9 *Interest rate risk management*

The Company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note (Note 22.6).

#### Interest rate sensitivity analysis

Interest rate sensitivity have been determined based on the exposure to interest rates for the Company's investments at the end of the reporting year as these are substantially the interest sensitive instrument impacting financial results. For floating rate deposits, the analysis assumes the amount of asset outstanding at year end was outstanding for the whole year. An increase/decrease of 2.5%/1% on Jamaican dollar (J\$) deposits and 2.1%/0.5% for United States dollar (US\$) deposits represents management's assessment of the reasonable possible change in interest rates in the short-term.

If market interest rates had been 2.5% higher or 1% lower on J\$ deposits and 2.1% higher or 0.5% lower on US\$ deposits and all other variables were held constant:

	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Effect on net surplus increase 2.5% (J\$ deposit)	751	-
Effect on net surplus decrease 1% (J\$ deposit)	(300)	-
Effect on net surplus increase 2.1% (US\$ deposit)	69	38
Effect on net surplus decrease 0.5% (US\$ deposit)	( 17)	(10)
Effect on net surplus increase/decrease of 0.5%	-	-

The Company's sensitivity to interest rates has increased during the current year as the Company had an increase in the number of interest sensitive investments.



22 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)**22.10 ***Fair value of financial instruments***

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for some of the financial assets and liabilities of the group, the fair values in the financial statements have been presented using various estimation techniques based on market conditions existing at the end of the reporting year. Generally, judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Company would realise in a current market exchange.

The carrying amount of cash and bank balances, receivables and payables that mature within one year are assumed to approximate their fair value.

23 **PRIOR YEAR RESTATEMENT**

In March 2011 the surplus received on wind-up of the Company's pension fund was inappropriately recognised in liabilities instead of income. Further the surplus was earmarked to finance a staff revolving loan scheme with requisite approvals obtained from parliament by the supplementary estimates for 2011/2012. The management and directors took the decision to have the equity and liabilities accounts restated as follows:

23.1 ***Statement of financial position***

		March 31, 2012		
	<u>Note</u>	<u>Previously Reported</u> \$'000	<u>Adjustment</u> \$'000	<u>Restated</u> \$'000
<b><u>EQUITY AND LIABILITIES</u></b>				
<b>Equity</b>				
Capital reserve		480	-	480
Accumulated deficit		(26,545)	-	(26,545)
Revolving loan fund	11	<u>-</u>	<u>10,640</u>	<u>10,640</u>
		<u>(26,065)</u>	<u>10,640</u>	<u>(15,425)</u>
<b>Liabilities</b>				
Revolving loan fund	11	10,640	(10,640)	-

23 **PRIOR YEAR RESTATEMENT (Cont'd)**23.2 **Statement of financial position**

		April 1, 2011		
		Previously <u>Reported</u> \$'000	<u>Adjustment</u> \$'000	<u>Restated</u> \$'000
	<u>Note</u>			
<b><u>EQUITY AND LIABILITIES</u></b>				
<b>Equity</b>				
Capital reserve		480	-	480
Accumulated deficit		(45,710)	-	(45,710)
Special reserve	11	<u>-</u>	<u>10,640</u>	<u>10,640</u>
		<u>45,230</u>	<u>10,640</u>	<u>(34,590)</u>
<b>Liabilities</b>				
Revolving loan fund	11	10,640	(10,640)	-

24 **CONTINGENCY**

Claims for payment amounting to \$22.3 million have been made by a contractor with respect to five contracts for projects undertaken on behalf of the Government of Jamaica. The Company has refuted the claims on the ground that the claims made were not justifiable under the terms of the contract. The Company is in dialogue with the contractor to determine the extent of liabilities if any, under the five contracts. No provision has therefore been made in these financial statements.



**REPORT TO THE DIRECTORS OF**

**RURAL WATER SUPPLY LIMITED**

**ON**

**ADDITIONAL INFORMATION**

Our examination of the financial statements of the Company for the year ended March 31, 2013 was intended primarily for the purpose of formulating an opinion on those financial statements taken as a whole. The additional information presented in page 2 has been taken primarily from accounting and other records of the Company and is not necessary to give a true and fair view of the financial position of the Company at March 31, 2013 or of its financial performance and cash flows for the year then ended. Such information has not been subjected to sufficient tests and other auditing procedures to enable us to express an opinion as to the fairness of all the details included therein and accordingly we do not express an opinion on the additional information.

A handwritten signature in cursive script that reads "Deloitte &amp; Touche".

Chartered Accountants

Kingston, Jamaica,

August 30, 2013

## RURAL WATER SUPPLY LIMITED

EXPENSES  
YEAR ENDED MARCH 31, 2013

	<u>2013</u> \$'000	<u>2012</u> \$'000
<b>OPERATING EXPENSES</b>		
<b>Staff cost</b>		
Salaries and wages	71,047	62,858
Gratuity	13,227	12,198
Vacation expense	996	-
Statutory contributions	3,641	3,784
Staff welfare and subsistence	<u>8,119</u>	<u>6,325</u>
	<u>97,030</u>	<u>85,165</u>
<b>Property expenses</b>		
Repairs and maintenance	879	93
Office rental	<u>-</u>	<u>9,316</u>
	<u>879</u>	<u>9,409</u>
Motor vehicle expenses	<u>492</u>	<u>368</u>
<b>Utility, rates and taxes</b>		
Telephone	1,380	1,228
Asset tax and registration fees	<u>73</u>	<u>5</u>
	<u>1,453</u>	<u>1,233</u>
Depreciation of property and equipment	<u>1,512</u>	<u>1,646</u>
Bad debts	<u>6,482</u>	<u>5,393</u>
Advertising and public relation	<u>651</u>	<u>523</u>
Professional fees	<u>976</u>	<u>660</u>
<b>Other expenses</b>		
Directors fees	1,089	660
Board meetings	1,482	1,194
Printing and stationery	1,395	1,334
Donations and subscriptions	110	200
Insurance	363	535
Bank charges	113	117
Foreign travel	-	139
Withholding tax irrecoverable	393	70
Miscellaneous expenses	266	67
Engineering expenses	<u>1,403</u>	<u>68</u>
	<u>6,614</u>	<u>4,384</u>
<b>Total expenses</b>	<u>116,089</u>	<u>108,781</u>

**RURAL WATER SUPPLY LIMITED : WORK-IN-PROGRESS: YEAR ENDED MARCH 31, 2013  
PROJECTS FUNDED FROM CAPITAL 'A' BUDGET**

Projects	Balance Brought Forward	Expenditure During the year	Projects completed During the year	Adjustments	Balance Carried Forward
	\$	\$	\$	\$	\$
Brandon Hill W/S	-	12,000	-	-	12,000
Cascade W/S	58,892,392	7,493,237	-	(812)	66,384,817
Colbeck/Planters W/S	-	80,500	-	-	80,500
Comfort Hall W/S	22,969,988	8,019,956	-	-	30,989,944
Hunts Town/Wellington W/S	44,097,216	-	-	(3,374,291)	40,722,925
Mile Gully/Warwick Castle W/S	30,811,535	-	-	-	30,811,535
Mount Industry/Caledonia W/S	91,480	-	-	-	91,480
Quaminus W/S	103,043,066	5,136,966	-	-	108,180,032
Comfort Hall W/S	7,729,710	-	-	-	7,729,710
Broadgate W/S	53,284,834	556,638	( 53,841,472)	-	-
Catadupa W/S	-	452,329	( 452,329)	-	-
Colbeck Heights/Red Ground W/S	30,833,074	98,500	( 30,931,574)	-	-
John's Groin W/S	9,898,372	7,676,056	( 17,566,378)	( 8,050)	-
Lionel Town Distribution W/S	93,435	-	( 93,435)	( 10,500)	-
Maggotty W/S	338,068	-	( 338,068)	-	-
Maldon & Chatsworth Schools	92,986	483,353	( 576,339)	-	-
Peace River W/S	-	394,691	( 394,691)	-	-
Roehampton W/S	-	323,280	( 323,280)	-	-
Amity W/S	-	1,161,733	( 1,161,733)	-	-
Waugh Hill W/S	17,543,655	-	(17,543,655)	-	-
	<u>371,990,101</u>	<u>32,016,469</u>	<u>(123,339,684)</u>	<u>(3,393,653)</u>	<u>277,273,233</u>

**PROJECTS FUNDED FROM THE CONSTITUENCY DEVELOPMENT FUNDS**

Projects	Balance Brought Forward	Expenditure During the year	Projects completed During the year	Adjustments	Balance Carried Forward
	\$	\$	\$	\$	\$
New Eden W/S	2,274,588	118,670	(2,374,730)	(18,528)	-
Claverty Cottage	-	17,250	-	(17,250)	-
Wharf Lane W/S	3,597,567	1,927,889	-	(2,468)	5,522,988
	<u>5,872,155</u>	<u>2,063,809</u>	<u>(2,374,730)</u>	<u>(38,246)</u>	<u>5,522,988</u>

**RWSL : W.I.P: YEAR ENDED MARCH 31, 2013: PROJECTS FUNDED FROM CAPITAL 'A' BUDGET - COMPREHENSIVE RURAL WATER UPGRADE**

Projects	Balance Brought		Expenditure		Projects completed		Adjustments		Balance Carried	
	Forward	\$	During the year	\$	During the year	\$	Adjustments	\$	Forward	\$
Amity W/S	-		1,122,937		( 1,122,937 )		-		-	
Broadgate Water Supply	83,000		-		( 83,000 )		-		-	
Cascade Water Supply	1,056,634		53,441		-		-		1,110,074	
Castle Bush Spring	356,590		-		( 356,590 )		-		-	
Catadupa W/S	-		168,000		( 168,000 )		-		-	
Catchment Tank - Camrose W/S	-		667,800		( 667,800 )		-		-	
Catchment Tank - Seafield W/S	-		2,936,157		( 2,936,157 )		-		-	
Catchment Tank	-		9,000		( 9,000 )		-		-	
Comfort Hall W/S	7,729,710		-		-		(124,458)		7,729,710	
Comp. Rural Water Upgrading	-		-		124,458		-		-	
CRWUP - Alexandria W/S	-		7,500		-		-		7,500	
CRWUP - Ballards Valley Rainwa	-		249,225		-		-		249,225	
CRWUP- Ballards Valley/Woodsid	304,488		-		( 304,488 )		-		-	
CRWUP - Bamboo Ridge Storage T	-		5,903,023		-		-		5,903,023	
CRWUP - Belfont/Horse Guard W/	-		818,294		( 818,294 )		-		-	
CRWUP - Bermady Storage Tank	-		115,400		( 115,400 )		-		-	
CRWUP - Brandon Hill W/S	35,561		-		-		-		35,561	
CRWUP - Broadgate W/S	80,000		-		( 80,000 )		-		-	
CRWUP - Brown Hill W/S	-		5,012,244		-		-		5,012,244	
CRWUP - Bushy Park	-		2,099,616		-		(256,997)		2,099,616	
CRWUP - Clydesdale W/S	316,997		-		( 60,000 )		-		-	
CRWUP - Cool Water Spring	-		82,500		-		-		82,500	
CRWUP - Fairy Hill	-		89,183		-		-		89,184	
CRWUP - Forrest Mountain Rainw	732,094		428,622		( 1,160,716 )		-		-	
CRWUP - Frazer & Clifton Rain	60,120		1,049,038		( 1,109,158 )		-		-	
CRWUP - Geneva W/S	-		5,233,914		-		-		5,233,914	
CRWUP - Harmony Hall/Treniel R	1,060,544		491,520		-		-		1,552,065	
CRWUP - Hodges Land Rainwater	367,981		177,603		( 545,584 )		-		-	
CRWUP - Ivor Cottage Rainwater	197,760		227,345		( 425,104 )		-		-	
	12,381,479		26,942,362		( 9,837,770 )		(381,455)		29,104,616	



**RURAL WATER SUPPLY LIMITED  
 WORK-IN-PROGRESS  
 YEAR ENDED MARCH 31, 2013  
 PROJECTS FUNDED FROM CAPITAL 'A' BUDGET - COMPREHENSIVE RURAL WATER UPGRADE (Cont'd)**

Projects	Balance Brought Forward		Expenditure During the year		Projects completed During the year		Adjustments		Balance Carried Forward	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance c/f	12,381,479		26,942,362		( 9,837,770)		(381,455)		29,104,616	
CRWUP - John's Groin W/S	7,083,643		-		( 7,083,643)		-		-	
John's Groin Water Supply	2,218,552		230,364		( 2,448,916)		-		-	
CRWUP - Kensington W/S	1,109,293		120,950		( 1,230,243)		-		-	
CRWUP - Kinowl/Ginger Ground R	311,276		251,626		( 562,902)		-		-	
CRWUP - Meribah Wayside Steel	14,161		30,000		( 44,161)		-		-	
CRWUP - Merrywood Pipeline Ext	213,137		186,956		( 400,092)		-		-	
CRWUP - Mount Industry/Caledoni	540,773		1,060		( 541,833 )		-		-	
CRWUP - Mt. Rosser Improvement	-		212,000		-		-		212,000	
CRWUP - Park Mountain Rainwater	29,775		56,800		( 86,575)		-		-	
CRWUP - Paynes Town Wayside	43,600		165,000		( 208,600)		-		-	
CRWUP - Pisgah Rainwater	205,680		216,500		( 422,180)		-		-	
CRWUP - Prospect Rainwater	137,884		4,426,512		( 4,476,512)		( 87,884)		-	
CRWUP - Rehab. Charity Spring	801,000		89,000		-		-		890,000	
CRWUP - Rose Hall Rainwater	242,714		739,184		( 981,898)		-		-	
CRWUP - Springfield Rainwater	112,820		772,097		( 884,917)		-		-	
CRWUP - St Elizabeth Minor W/S	1,776,030		873,435		( 2,576,385)		( 73,080)		-	
CRWUP - Top Redding/Haughton	-		883,207		( 883,207)		-		-	
CRWUP - Troja W/S	-		1,224,130		-		-		1,224,130	
CRWUP - White Hill Rainwater	416,685		623,393		( 1,040,079)		-		-	
CRWUP - Windsor Heights W/S	-		483,940		-		-		483,940	
Farmer's Heights Water Supply	2,051,927		947,566		( 2,974,093)		( 25,400)		-	
Grant Hill/Lawrence Tavern	303,096		-		( 33,231)		(269,865)		-	
Hayes/Savannah/Capture Land-	-		54,540		( 54,540)		-		-	
James Hill Water Supply Upgrad	35,760		-		( 35,760)		-		-	
Lionel Town Distribution - CRWU	-		61,298		( 27,698)		( 33,600)		-	
Balance b/f	30,029,285		39,591,920		(36,835,235)		(871,284)		31,914,686	

**RURAL WATER SUPPLY LIMITED**

**WORK-IN-PROGRESS**

**YEAR ENDED MARCH 31, 2013**

**PROJECTS FUNDED FROM CAPITAL 'A' BUDGET - COMPREHENSIVE RURAL WATER UPGRADE (Cont'd)**

<u>Projects</u>	<u>Balance Brought Forward</u> \$	<u>Expenditure During the year</u> \$	<u>Projects completed During the year</u> \$	<u>Adjustments</u> \$	<u>Balance Carried Forward</u> \$
Balance c/f	30,029,285	39,591,920	( 36,835,235)	( 871,284)	31,914,686
Mahoe Ridge Spring W/S	269,022	515,857	-	-	784,879
Maldon & Chatsworth Schools	4,600,398	1,539,220	( 6,139,618)	-	-
Police Convalescent Centre	-	97,195	-	-	97,195
Reckford Water Supply	-	31,500	-	-	31,500
Salt Gully Water Supply	165,299	-	( 165,299)	-	-
Sandy River Water Supply Schem	-	38,034	-	-	38,034
St. Elizabeth Parish Council	167,000	-	( 167,000)	-	-
Stettin Water Supply	-	1,040	( 1,040)	-	-
Top Hill Refurbishing	-	928,205	( 928,205)	-	-
Wharf Lane Water Supply	<u>1,153,700</u>	<u>1,496,180</u>	<u>-</u>	<u>( 12,555)</u>	<u>2,637,325</u>
	<u>36,384,704</u>	<u>44,239,151</u>	<u>( 44,236,397)</u>	<u>( 883,839)</u>	<u>35,503,619</u>
Total work-in-progress	<u>414,246,960</u>	<u>78,319,429</u>	<u>(169,950,811)</u>	<u>(4,315,738)</u>	<u>318,299,840</u>