



Community Improvement Services Limited

Financial Statements

30 September 2011



anthony p. pierre & co
chartered accountants

Community Improvement Services Limited

Financial Statements

Contents	Page
Independent Auditors' Report	2
Statement of Financial Position	3
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 17

Community Improvement Services Limited

Financial Statements

Independent Auditors' Report

To The Shareholders,
Community Improvement Services Limited

We have audited the financial statements of **Community Improvement Services Limited** which comprises the Statement of Financial Position as at 30 September 2011, the Statement of Comprehensive Income the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

The Company's Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation 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.

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 about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 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 obtained is sufficient and appropriate to provide a basis for our audit.

In our opinion, the financial statements present fairly the financial position of the Company as at 30 September 2011 and the results of its operations, its cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards.

Port of Spain
February 28, 2012


Chartered Accountants

Community Improvement Services Limited

Statement of Comprehensive Income

	Notes	Year Ended 30 September	
		2011 \$	2010 \$
Revenue			
Management fees		1,852,062	2,152,029
Other Revenue		121,659	19,217
Total Revenue		<u>1,973,721</u>	<u>2,171,246</u>
Expenses			
Advertising		8,316	22,680
Audit Fees		62,926	59,160
Bank Charges		6,414	6,242
Computer Expenses		61,474	73,326
Depreciation		225,735	238,292
Directors Fees and Allowances		502,200	432,000
Donations		200	7,238
Entertainment Expenses		8,880	10,171
Green Fund Levy		1,740	1,968
Handing Over Ceremonies		-	38,334
Insurances		20,878	24,461
Interest and penalties		67	125,286
Net Loss on Disposal of Non-Current Assets		950	4,602
Meeting Expenses		9,905	5,308
Office Repairs and Maintenance		44,255	49,431
Professional Fees		16,858	157,169
Rental of Building		120,000	120,000
Rental of Equipment		55,526	52,767
Rental of Vehicles		243,448	234,306
Safety Supplies		1,285	7,087
Security Services		165,490	164,666
Staff Costs	13	3,492,150	4,050,251
Stationary, Supplies and General Expenses		57,359	68,870
Telephone, Fax and Communication Expenses		100,121	120,383
Training and Development		7,131	13,665
Utilities		67,080	67,080
Vehicles Expenses		77,625	109,145
Total expenses		<u>5,358,013</u>	<u>6,263,888</u>
Operating Loss		(3,384,292)	(4,092,642)
Interest Income - Net		10,227	76,307
Non-Operating Income – Net	14	<u>5,932,000</u>	-
Profit/(Loss) before Tax		2,557,935	(4,016,335)
Taxation	16	<u>(3,479)</u>	<u>(3,936)</u>
Profit/(Loss) after Tax Attributable to Equity		<u>2,554,456</u>	<u>(4,020,271)</u>

The notes on pages 7 to 18 are an integral part of these financial statements.

Community Improvement Services Limited

Statement of Changes in Equity

	Share Capital \$	Accumulated Losses \$	Total Equity \$
Year ended 30 September 2011			
Balance as at 1 October 2010	16,340,010	(19,251,760)	(2,911,750)
Issue of additional shares	4,000,000	-	4,000,000
Profit for the Year	-	2,554,456	2,554,456
Balance at 30 September 2011	<u>20,340,010</u>	<u>(16,697,304)</u>	<u>3,642,706</u>
Year ended 30 September 2010			
Balance as at 1 October 2009	16,340,010	(15,231,489)	1,108,521
Proceeds from Shares Issued	--	--	--
Loss for the Year	--	(4,020,271)	(4,020,271)
Balance at 30 September 2010	<u>16,340,010</u>	<u>(19,251,760)</u>	<u>(2,911,750)</u>

The Notes on Pages 7 to 18 form an integral part of these financial statements.

Community Improvement Services Limited

Statement of Cash Flows

	Year Ended 30 September,	
	2011	2010
	\$	\$
Cash Flows Used By Operating Activities		
Net Loss after Tax	2,554,456	(4,020,271)
Depreciation	225,735	238,292
Loss on Disposal of Non Current Assets	<u>950</u>	<u>4,602</u>
Operating Loss	2,781,141	(3,777,377)
Adjustment to Reconcile Operating Loss with Net Cash Used by Operations		
Movement in Trade and Other Receivable	(1,013,806)	(3,742,485)
Movement in Trade and Other Payable	<u>2,194,594</u>	<u>7,654,739</u>
Net Cash Generated/(Used) By Operations	3,961,929	134,877
Cash Used by Investing Activities		
Proceeds from Disposal of Non-Current Assets	-	2,200
Purchase of Non-Current Assets	<u>(20,766)</u>	<u>(125,514)</u>
Net Cash Flow before Financing Activities	3,941,163	11,563
Cash Flows from Financing Activities		
Injection of Capital	<u>4,000,000</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	<u>7,941,163</u>	<u>11,563</u>
Cash and Cash Equivalents		
At beginning of year	5,542,604	5,531,042
At end of year	<u>13,483,767</u>	<u>5,542,605</u>
Net Increase in Cash and Cash Equivalents	<u>7,941,163</u>	<u>11,563</u>

The Notes on Pages 7 to 18 form an integral part of these financial statements.

Community Improvement Services Limited

Notes to the Financial Statements

30 September 2011

1 Incorporation and Principal Activity

Community Improvement Services Limited is a Special Purpose State Enterprise incorporated in the Republic of Trinidad and Tobago, under the Companies Act 1995 for the purpose of designing, implementing and managing projects geared towards improving the infrastructure and quality of life of communities throughout Trinidad.

Community Improvement Services Limited started operating on 1 October 2004. To fulfill its purpose, Community Improvement Services Limited partners with the Communities as determined by the Ministry of Local Government (Line Ministry, effective January 2008) to identify and select projects to improve and uplift community life and institutions.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

2.1 Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

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

Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The accounting policies adopted are consistent with IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations as of 1 October 2010.

New standards, amendments and interpretations

(a) Amended standards, amendments and interpretations adopted by the Company

- IAS 1: 'Presentation of financial statements'
- IAS 7: 'Statement of cash flows'
- IAS 18: 'Revenue'

There were no material changes to the Company's accounting policies and disclosures as a result of these amendments.

Community Improvement Services Limited

Notes to the Financial Statements

30 September 2011

2 Significant Accounting Policies (Continued)

2.1 Basis of preparation (continued)

New standards, amendments and interpretations (continued)

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning October 1, 2010 and not early adopted or not applicable to the Company

- IFRS 9: 'Financial Instruments' issued in November 2009. This standard introduces new requirements for classifying and measuring financial assets. The standard becomes effective on January 1, 2013 and is not expected to have a material impact on the Company's financial statements.
- Revised IAS 24 (revised): 'Related party disclosures' issued in November 2009. This revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The standard became effective for accounting periods beginning on or after January 1, 2011. The Company will apply the revised standard from October 1, 2011. The standard is not expected to have a material impact on the Company's financial statements.
- IFRS 10: 'Consolidated financial statements'. This standard will not be applicable to the Company's financial reporting.
- IFRS 12: 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess IFRS 12's full impact. The standard becomes effective on January 1, 2013.
- IFRS 13: 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value measurement and disclosure requirements for use across IFRSs. The Company is yet to assess IFRS 13's full impact. The standard becomes effective on January 1, 2012.

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning October 1, 2010 and not early adopted or not applicable to the Company (continued)

- Amendment to IFRIC 14: 'Prepayments of a minimum funding requirement'. This IFRIC is not applicable to the Company's financial reporting.

Community Improvement Services Limited

Notes to the Financial Statements

30 September 2011

2 Summary of Significant Accounting Policies (Continued)

2.2 Use of estimates

The preparation of Financial Statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2.3 Reporting Currency

The financial statements are presented in Trinidad and Tobago Dollars (TT\$), which is the Company's functional and presentation currency.

2.4 Foreign Currency Translation

Foreign currency transactions are translated into the functional currency (TT\$) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities are recognised in the surplus or deficit as part of the fair value gain or loss.

2.5 Non Current Assets

Non Current Assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate the cost of the assets net of their residual values over their estimated useful lives as follows:

Office furniture, fixtures and equipment	4 - 10 years
Computer equipment	3 years
Leasehold improvements	10 years

Community Improvement Services Limited

Notes to the Financial Statements

30 September 2011

2 Summary of Significant Accounting Policies (Continued)

2.5 Non Current Assets (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying net book value is greater than its estimated recoverable amount.

Gains and losses on disposal of non-current assets are determined by comparing proceeds with the net book value and are recognized net in the statement of comprehensive income in the year of disposal.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (that is its economic value). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial Assets

The Company classifies its financial assets as accounts receivable. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. Receivables are classified as 'trade and other receivables' in the statement of financial position (Note 2.8).

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial asset is impaired. Impairment testing of trade receivables is described in Note 2.8.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Community Improvement Services Limited

Notes to the Financial Statements 30 September 2011

2 Summary of Significant Accounting Policies (Continued)

2.8 Trade and Other Receivables

Trade and Other Receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

2.9 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.10 Trade Payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.11 Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.12 Employee Benefits

All of the Company's employees are hired on fixed term contracts. The Company provides a gratuity plan to all employees. This plan provides for the equivalent of 20% of employees' basic salary earned over the term of their contract to be paid as a gratuity. The expense and liability are recognized on a monthly basis and payments are made upon the successful completion of the contract term. The provision of this gratuity plan discharges the Company's liability to any post employment benefits to its employees.

Community Improvement Services Limited

Notes to the Financial Statements 30 September 2011

2 Summary of Significant Accounting Policies (Continued)

2.13 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating leases.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.14 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown, net of Value Added Tax, estimated returns, rebates and discounts. Revenue is recognized as follows:

(a) Sales of Services

In the financial year ended September 30, 2011 the Company provided Project Management Services to the Ministry of Local Government. These services are recognized in the accounting period in which the services are rendered at a fixed rate percentage of the construction cost based on the approved stage of completion.

(b) Interest Income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument.

All construction/project funds received from the Ministry of Finance are treated as liabilities in the statement of financial position; reported as Grants, and all project expenses are tracked separately and written off against these liabilities (See Note 2.16). These funds are not recognized as income in the Company's statement of comprehensive income.

2.15 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Community Improvement Services Limited

Notes to the Financial Statements 30 September 2011

2 Summary of Significant Accounting Policies (Continued)

2.16 Government Grants

Grants from the government are recognised at fair value where there is a reasonable assurance that the grant will be received and the Company will comply with the attached conditions. Government grants relating to government sponsored projects are deferred and matched against the relevant costs when they are incurred. Government grants relating to income are presented as credit in the statement of comprehensive income as non-operating income, net.

3 Financial Risk Management

The Company's activities are related principally to the execution of projects for and on behalf of the Government of the Republic of Trinidad and Tobago. Its mandate requires it to execute adequate projects in order to generate sufficient revenue by way of project management and design fees to cover its operating expenses.

As such, the risks which the company faces are those of non performance, inadequate projects assignment, low annual project funding and the cash flow impact of delays arising from executing Public Sector programmes using a Private Sector approach.

In order to manage liquidity risks, management seeks to maintain levels of cash which are sufficient to meet reasonable expectations of its short-term obligations. However, as a Special Purpose State Enterprise the avenue is available through its Line Ministry to seek funding of projected shortfall of recurrent expenditure.

Due to the nature of its operations, the company is not exposed to any significant market risk, other than insufficient assignment of projects and funding. Foreign exchange risk and fair value interest rate risk do not arise due to the nature of the Company's operations.

4. Capital Management

The Company considers its capital to be (a) the capital projects implemented for and on behalf of the Government of the Republic of Trinidad and Tobago and (b) the equity investments. The objectives when managing capital are:

- (a) To provide value for money for capital projects executed on behalf of the Government of the Republic of Trinidad and Tobago and
- (b) To seek to provide adequate returns on the equity investments.

Community Improvement Services Limited

Notes to the Financial Statements 30 September 2011

5	Cash and Cash Equivalents	2011	2010
	Administrative operating cash and bank balances	7,420,951	1,920,868
	Project fund account	<u>6,062,816</u>	<u>3,621,736</u>
		<u>13,483,767</u>	<u>5,542,604</u>
	The effective interest rate on short-term bank deposits was approximately 1.9%.		
6	Trade and Other Receivables		
	Trade receivables (Project Funding)	10,229,952	9,510,212
	Accrued Management Fees	383,313	140,097
	Other receivables	144,772	100,050
	Prepayments	<u>12,212</u>	<u>6,084</u>
		<u>10,770,249</u>	<u>9,756,443</u>
7	Property, Plant and Equipment		
		Office Furniture and Equipment	Computer Equipment and Leasehold Improvements
		Equipment	Software
	Year Ended 30 September 2011		
	Opening net book amount	\$129,729	\$ 60,900
	Additions	4,214	16,552
	Disposals	(1,252)	-
	Depreciation charge	<u>(21,875)</u>	<u>(27,630)</u>
	Closing net book amount	<u>\$107,589</u>	<u>\$ 47,442</u>
	At 30 September 2011		
	Cost	\$551,520	\$621,442
	Accumulated Depreciation	<u>(443,931)</u>	<u>(1,041,412)</u>
	Net book amount	<u>\$107,589</u>	<u>\$ 47,442</u>
	Year Ended 30 September 2010		
	Opening net book amount	\$130,258	\$ 17,037
	Additions	39,126	73,388
	Disposals	(1,252)	-
	Depreciation charge	<u>(38,403)</u>	<u>(29,525)</u>
	Closing net book amount	<u>\$129,729</u>	<u>\$ 60,900</u>
	At 30 September 2010		
	Cost	\$515,145	\$607,270
	Accumulated Depreciation	<u>(422,056)</u>	<u>(871,092)</u>
	Net book amount	<u>\$129,729</u>	<u>\$ 60,900</u>

Community Improvement Services Limited

Notes to the Financial Statements

30 September 2011

7 Property, Plant and Equipment (Continued)

Depreciation expense of \$225,735 (2010: \$238,292) has been charged to the Statement of Comprehensive Income.

Lease rentals amounting to \$243,448 (2010: \$234,306) relating to the rental of motor vehicles are included in the statement of comprehensive income.

8. Stated Capital

The Company is authorized to issue an unlimited number of ordinary shares of no par value. The Company's Stated Capital at 30 September, 2011 was \$20,340,010 (2010 - \$16,340,010) comprising 20,340,010 ordinary shares of no par value issued and fully paid at \$1.00 each share.

9. Trade and Other Payables

	2011	2010
Trade Payable and Accruals	1,476,102	1,292,409
Gratuity Payable – Current Portion (Note 10)	330,308	655,929
Unearned Income/Advances to CISL	4,772,066	4,772,066
Grants (Note 12)	<u>14,849,656</u>	<u>12,435,259</u>
	<u>21,428,132</u>	<u>19,155,663</u>

10. Other Payables

All employees were contracted for a period of 2 years. A gratuity is payable upon successful completion of the full term of the contract. Other payables represent the long term portion (due in more than twelve months from the year end date) of the gratuity sum payable.

	2011	2010
Opening Balance	733,806	433,830
Gratuity recognized during the year (Note 13)	360,043	559,488
Gratuity paid during the year	<u>(763,541)</u>	<u>(259,512)</u>
	330,308	733,806
Less: Current Portion (Note 9)	<u>(330,308)</u>	<u>(655,929)</u>
Long Term Portion	<u>0</u>	<u>184,580</u>

The Company has not entered into any new employment contracts, nor has it renewed any existing employment contracts since fiscal year 2010; accordingly all existing employment contracts expire during the ensuing financial year. There is therefore no contractual basis for continued accrual of gratuities.

Community Improvement Services Limited

Notes to the Financial Statements

30 September 2011

11. Deferred Income Tax

The Company has a potential deferred income tax asset in excess of \$4 million resulting from its current tax losses position. Given the Company's present management fee structure and current expenditure level, projects with an approximate aggregate gross value of \$86 million will need to be executed in any one financial year to meet the operating expenses of the Company. At the Company's present and anticipated level of activity it will require several years of generated surpluses before the present tax losses can be utilized and the deferred tax asset realized. In the circumstance and given the structure of the Company's Statement of Financial Position the deferred tax asset, estimated at \$4.15 million is not carried on the Statement of Financial position at September 30, 2011.

	2011	2010
	\$	\$
12. Grants		
Opening balance	12,435,259	5,940,246
Grant received	25,799,389	27,452,707
Interest	<u>894</u>	<u>7,202</u>
	38,235,542	33,400,155
Less: Project expenses	(23,385,886)	(20,342,684)
Advances repaid/ (taken)	<u>0</u>	<u>(662,212)</u>
Balance of funds available	<u>14,849,656</u>	<u>12,435,259</u>
13. Staff Costs		
Salaries and wages	2,558,721	2,558,721
Other benefits	425,169	425,169
Gratuity (Note 10)	360,043	559,487
Employer contribution to NIS	130,109	143,384
Employee contribution to health benefits	<u>41,171</u>	<u>36,373</u>
	<u>3,492,150</u>	<u>4,050,251</u>

14. Non Operating Income - Net (Deficit Financing)

The shareholder (Corporation Sole) provided the Company with a non-reimbursable grant of \$5,932,000 to meet its working capital and operating needs during 2011 financial year. In 2010 financial year no such grants were received.

15. Lease Commitments

The company has leased four (4) motor vehicles. Three (3) of the four (4) contracts will expire in March 2012 and the fourth contract will expire in April 2013. The Company has also leased two (2) photocopiers; one lease expires in March 2012 and the other in July 2012.

Community Improvement Services Limited

Notes to the Financial Statements 30 September 2011

15. Lease Commitments (Continued)

The present value of the lease commitments are as follows:

	2011	2010
	\$	\$
No later than 1 year	215,936	397,662
Later than 1 year and no later than 5 years	62,333	278,269

16. Income Tax Expense

Current Tax: Business Levy	3,479	3,936
----------------------------	-------	-------

17. Contingent Liabilities

The Company has no material contingent liabilities in respect of legal or other claims arising in the ordinary course of business at the date of reporting.

18. Events after the reporting date

There were no events arising which require disclosure after the reporting date.

19. Contractual Commitments

The Company has entered into project management contracts with Palo Seco Agricultural Enterprises Limited for the construction of drains, sidewalks, cul-de-sac and miscellaneous works under the South Cocoyea Grants Project. At 30 September, 2011, the Company has contractual commitments value at \$3.4 million (2010: \$3.4 million) under the terms of these contracts.

The company also has contractual commitments for grants amounting to \$29.9M (\$.7M to Project Management Consultants and \$29.2M for Civil Construction Companies).

20. Related Parties' Transactions and Balances

As a Special Purpose State Enterprise, the Company is controlled by the Ministry of Finance (Corporation Sole) and the Ministry of Local Government (the Line Ministry), both charged with the responsibility for its operations and activities. The organization's internal operating policies are guided by both ministries.

The funds received from the Line Ministry during fiscal 2011 were management fees and project contract payments. The project contract payments are disclosed in note 12 as "Grants Received".

The Company earns a 7.5% management fee and a 2% design fee on the value of projects executed on behalf of the line ministry. The management fee recognized as income in the financial year ended 30 September, 2011 amounted to \$1,852,061 (2010: \$2,152,029).

Community Improvement Services Limited

Notes to the Financial Statements

30 September 2011

20. Related Parties' Transactions and Balances (Continued)

Due to the number of planned projects, the required execution rate and the lack of the requisite engineering capacity in house, the Company utilized project management consultants to execute the designs for projects and therefore no design fees were earned in the financial year ended 30 September, 2011 (2010:\$0).

At 30 September, 2011 amounts due to the Company from the Ministry in respect of management fees and contract payments amounted to \$10,231,952 (2010: \$9,510,213). The amount of \$243,217 represents accrued management fees for fiscal 2011 (2010:\$140,097). These amounts are disclosed as Trade Receivables in note 6.

The Company did not receive Deficit financing for fiscal 2011, however, the amount of \$5,932,000 was received from the Ministry of Local Government during fiscal 2010. This funding, which is non-refundable, assisted the Company in meeting its recurrent expenditure was necessary to ensure the survival and viability of the Company in the short term.

Grants received from the Ministry of Local Government are intended to meet contract payments however, due to the losses incurred by the Company, cash advances were also taken. These amounts are disclosed in note 12 as "Advances". The amount received in the year ended 30 September, 2011 was \$622,212. (Note – Contractor's invoices totaling \$622,212 were paid from administrative funds in fiscal 2010 due to the delay in obtaining funds from the Ministry of Local Government, however, the amount was replaced in fiscal 2011 when funds for the same were received from the Ministry). In fiscal 2010 the net amount of advances repaid was \$940,351.

Key Management

Key management comprises directors and senior management. Senior Management includes department managers and the Chief Executive Officer. Compensation of key management was as follows:

	2011	2010
Salaries, directors' fees and other short term benefits	1,828,200	1,758,000
Gratuity	<u>113,333</u>	<u>216,000</u>
	<u>1,941,533</u>	<u>1,974,000</u>