



**NATIONAL MAINTENANCE TRAINING AND  
SECURITY COMPANY LIMITED**

**ANNUAL ADMINISTRATIVE REPORT**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2014**

## TABLE OF CONTENTS

<b>VISION .....</b>	<b>3</b>
<b>PERFORMANCE HIGHLIGHTS.....</b>	<b>3</b>
<b>THE CHAIRMAN’S REVIEW.....</b>	<b>6</b>
<b>CHIEF EXECUTIVE OFFICER’S COMMENTS.....</b>	<b>7</b>
<b>BOARD OF DIRECTORS.....</b>	<b>8</b>
<b>EXECUTIVE MANAGEMENT TEAM .....</b>	<b>8</b>
<b>COMPANY OVERVIEW .....</b>	<b>9</b>
<b>VALUES AND CORPORATE CULTURE.....</b>	<b>10</b>
<b>CORPORATE OBJECTIVES .....</b>	<b>12</b>
<b>ACHIEVEMENTS.....</b>	<b>12</b>
<b>AUDITED FINANCIAL STATEMENTS 2014 .....</b>	<b>17</b>

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

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**VISION**

“ A Customer focused, profitable organization, recognized as the leader in providing Integrated Property Management Solutions. We will provide these services utilizing appropriate technology and management systems to deliver high quality and cost effective services through our employees, suppliers and other business partners as well as to acquire the requisite skills and systems by outsourcing, forming Strategic Alliances, Joint Ventures and other partnerships.”

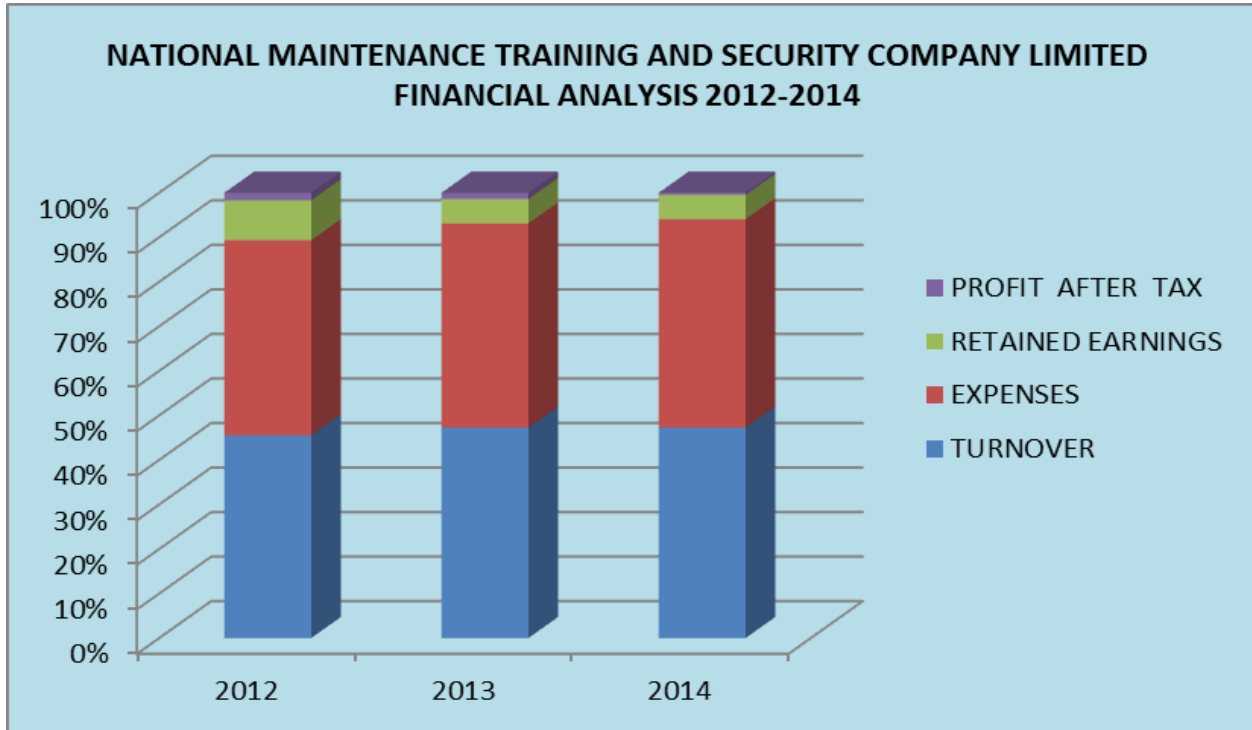
**PERFORMANCE HIGHLIGHTS**

**SUMMARY FINANCIAL ANALYSIS FROM 2012 TO 2014**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
RETAINED EARNINGS	\$77,757,119	\$48,211,233	\$ 52,796,638
TURNOVER	\$394,611,765	\$415,592,871	\$455,883,596
EXPENSES	\$379,764,074	\$403,290,759	\$451,298,191
PROFIT AFTER TAX	\$14,847,691	\$12,302,112	\$ 4,585,405
EMPLOYEES	5,310	5,370	5,359



**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**



**Profitability**

MTS has continued to record profits and in 2014 we recorded an after tax profit of \$4,585,405. Our profits in 2014 decreased by (62.73%) when compared to 2013. Our average profits for the three year period 2012 to 2014 also decreased by (13.93%) when compared to our previous average for 2011 to 2013.

**Retained Earnings**

Retained Earnings has increased in 2014 by 9.51% when compared to 2013. This represents an increase of **\$4,585,405**.

**Turnover**

Turnover has increased in 2014 by approximately 9.69% when compared to 2013. For the three years 2012 to 2014, it also increased from **\$394,611,765** in 2012 to **\$455,883,596** in 2014.



**Expenses**

Our expenses increased in 2014 by approximately 10% when compared to 2013.

**Employment**

Employment has decreased slightly over the past year from 5,370 employees in 2013 to 5,359 in 2014. This represents a slight decrease of approximately 0.2% for the period.

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**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**THE CHAIRMAN'S REVIEW**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2014.**

MTS remained stable during 2014 despite varying degrees of volatility experienced in our operating environment. Bearing this in mind, we have been able to chart a course of sustained development through an internal review of our systems and processes with the aim of increasing our throughput. These measures insured that we were able to meet the demands of our various stakeholders on a regular basis. Our continued emergence as a leader in our industry has enabled us to broaden our horizons and contribute positively to the economic and social fabric of Trinidad and Tobago.

**Financial Performance**

Our financial performance remained positive in 2014. Our income increased from \$415,592,871 in 2013 to \$455,883,596 in 2014. Whilst our revenue increased we also had a corresponding increase in our expenses which grew by approximately 12% when compared to 2013. This means that we have recorded an after tax Profit of \$4,585,405 for 2014. The main contributor to our increased expenses continues to be our wages expense.

**Achievements**

MTS continued to perform credibly in all spheres of our activities in 2014 by enriching the lives of our various stakeholders. We provided extensive training for new and ongoing employees, completed several projects on behalf of some of our clients and maintained employment levels of 5,359 persons. Despite a contracted economic environment we were still able manage a reasonable level of growth.



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Jim Murad Mohammed  
Chairman

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**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**CHIEF EXECUTIVE OFFICER'S COMMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2014.**

MTS management of its asset base remains commendable in 2014 as we experienced sluggish growth in the National economy of approximately 0.7% last year. However the Non Energy sectors did show some improvement and we were able to capitalize on this movement by increasing our clientele thereby resulting in increased revenue for 2014. Of particular significance was our ability to maintain a workforce of 5,359 persons whilst we experienced a decrease in oil prices and a subsequent reduction in spending by the Government of Trinidad and Tobago.

**Future prospects**

The New Minimum wage has come into effect since January 2015 and this will indeed affect our cash flow and possibly our future profits. With this in mind, we have embarked on a vigorous cost reduction exercise which includes enhanced efficiency whilst reducing costs. This measure will also improve the service delivery to our clients who demand the best service at competitive prices.

**Strategic thrust**

Our Strategic Thrust has been and continues to be our goal of remaining a dynamic and vibrant state enterprise within Trinidad and Tobago's corporate environment which contributes positively to the lives and experiences of our various stakeholders. We must continually re-invent ourselves so as to grasp new opportunities and strengthen our position as one of the Premier Service Providers in Trinidad and Tobago.



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Lennox Rattansingh  
Chief Executive Officer

## **BOARD OF DIRECTORS**

The present Board Of Directors accepted their instruments of appointment from the 24<sup>th</sup> May 2011. Mr Safraz Ali was subsequently appointed to the board on the 3rd May 2013. Mr Clyde Constantine (Director) passed away in November 2014.

1. Jim Murad Mohammed - Chairman
2. Dhaniram Ramkissoon - Vice - Chairman
3. Sushilla Jadoonanan - Director
4. Kasala Kamara - Director
5. Lisa Chote - Director
6. Carl Ramdeo - Director
7. Alva Allen - Director
8. Safraz Ali - Director

## **EXECUTIVE MANAGEMENT TEAM**

1. Lennox Rattansingh - Chief Executive Officer
2. Richard Ferguson - Chief Financial Officer
3. Adilah Elahie – Corporate Secretary / Legal Advisor
4. St Clair O'Neil – Divisional Manager Security
5. Sherwin Gosine - Divisional Manager, Marketing
6. Gerard Small - Divisional Manager, Agribusiness
7. Alana Hosein-Hackshaw-Divisional Manager, Human Resources
8. Satesh Maharaj - Divisional Manager, Facilities Maintenance

## **COMPANY OVERVIEW**

The National Maintenance Training and Security Company Limited is a fully owned state enterprise which was registered in 1979. At that time, it was known as the Secondary Schools Maintenance Training and Security Company Limited (MTS), and enjoyed a relationship with an American company (which had a seven percent (7%) shareholding) who provided management services through hired consultants.

The then Government of Trinidad and Tobago had embarked on the construction of nine (9) secondary schools and a decision was taken to provide adequate maintenance and security services for these facilities. Out of this need, MTS commenced operations and the company's name was changed to the National Maintenance Training and Security Company Limited. It also had its Memorandum of Association amended to provide services to customers other than government or government agencies in line with the government's thrust for all state enterprises to be financially viable and self sufficient.

The organization is structured by an appointed Board of Directors, managed by a Chief Executive Officer and Divisional Managers who are responsible for areas such as maintenance, engineering, security, agribusiness, marketing, training and human resources and finance. The company has over 5,000 employees and operates in over 500 separate locations ranging from Cedros to Charlotteville. Our offices are regionalised and spread throughout Trinidad and Tobago, to enable prompt response to customers' needs.

Today, MTS is proud that we have customers which include private sector organizations, major government ministries and quasi-state organizations.

## **VALUES AND CORPORATE CULTURE**

### **1) VALUES**

MTS continually strives to improve and unify the talents of its work force, creating the right synergies to take us positively into the future. In order to adapt to a changing economic environment, we are increasing our capacity, scope of services, and flexibility by putting structured systems in place to ensure the satisfaction of our customers.

The MTS agenda has been re-focused on its old mission as the best choice for the customers it serves. MTS is continually creating a better understanding and more efficient operations. It conducts all of its business by its core values and guiding principles:

- I. Sound business practices
- II. Integrity
- III. Customer focus
- IV. Professionalism
- V. Transparency
- VI. Loyalty
- VII. Accountability
- VIII. Learning
- IX. Respect
- X. Confidence
- XI. Safety
- XII. Empowerment

**2) EVOLVING CORPORATE CULTURE**

With new revenue sources being critical to success, National Maintenance Training and Security Company Limited (MTS) has embarked on a new strategic thrust for 2013 to completely remodel its business paradigm and update its corporate image. The company's new vision is that of a broker institution possessing the requisite skills and technologies. Such an organization would be designed to acquire and manage new service solutions that would promote guaranteed profitability and unparalleled stability.

The results of a situational analysis have indicated the presence of market environments which pose intense rivalry, numerous competitors and declining margins. All of these impact negatively on MTS, but all have been recognized as being important challenges to meet while the organization continues in its strategic direction and earns its success.

Some of the compelling objectives which characterize MTS' vision are:

- I. leadership development
- II. customer care
- III. holistic succession planning
- IV. a culture of execution
- V. improved employee morale
- VI. financial health
- VII. cutting edge integrated services
- VIII. systems and products
- IX. image building
- X. recognition as a training accreditation body

**CORPORATE OBJECTIVES**

1. TO DEEPEN CONSOLIDATION INITIATIVES TO POSITION MTS AS THE INDUSTRY LEADER IN PROPERTY MANAGEMENT.

This demands a two pronged approach that involves

- (a) CAPACITY STRENGTHENING - Deepening the Organization and Human Resources
- (b) ENHANCE MTS CORPORATE IMAGE TO MATCH MARKET POSITIONING

2. SELECTIVE EXPANSION INTO NEW BUSINESS AREAS

The foremost of these being:

- Electronic Security
- Caricom Expansion
- Airport/Highway Maintenance
- Greening Existing Buildings

**ACHIEVEMENTS**

(1) **Profitability**

The Company continues to record profits in 2014. We have recorded an after tax profit of \$4,585,405 in 2014 which was in excess of our budgeted profit of \$4M. Between 2012 and 2014 MTS has consistently reported after tax profits each year. In fact, over this three year period we reported an average of \$10,578,403 per year in after tax profits.

(2) **Audited Financial Statements 2014**

We completed the Audit of our Financial Statements for the year 2014 by the 27<sup>th</sup> March 2015.



**(3) Projects Completed**

We completed and handed over the following projects during the year 2014.

1. Lowlands Community Centre
2. Lambeau Multipurpose Center
3. Scarborough Public Library 1<sup>st</sup> Phase

**(4) New Janitorial Arrangements**

During 2014 we commenced Janitorial Services at the following new Police Stations:

1. Arima Police Station
2. Piarco Police Station
3. Maloney Police Station
4. South Oropouche Station
5. La Brea Police Station
6. Cumuto Police Station
7. Moruga Police Station

**(5) Improved Secondary Schools Maintenance Programme**

We enhanced our Secondary Schools Maintenance Programme for the Term Break July – August 2014 which earned instant recognition and appreciation from the Ministry of Education.

**(6) Training of Employees**

MTS continued its Training programmes for 2014 which saw a total of four hundred and forty one (441) Maintenance Employees benefitting for the year under review. Likewise a total of two hundred and nineteen (219) Security Personnel were trained in various disciplines during the year 2014.

**(7) Employee Relations**

MTS continued to focus on maintaining good employee relations and in 2014 we continued the following initiatives:

1. Hosted the Calypso and Cook Out Competition for staff at the MTS Plaza on February 21<sup>st</sup> 2014.
2. Facilitated Administrative Professionals week for Administrative Staff with the culmination of a luncheon and facilitated session at Cara Suite on April 23<sup>rd</sup> 2014
3. Hosted Christmas Brunch, Eid, and Divali Functions.
4. Sponsored Cancer Screening for Employees.
5. The Company also celebrated its 35<sup>th</sup> Anniversary with an Inter-Faith Service

**(8) Employment**

MTS continued to maintain its compliment of staff in 2014. Our employment levels remained stable in 2014 with employment standing at 5,359 employees. This means that for the three year period 2011-2013 our average employees increased from 5,310 to 5,359 for 2012-2014. This represents an increase of approximately 1% over the three year period. Our ability to maintain this level of employment is directly related to our training exercises which seek to ensure that our clients are staffed with suitably qualified personnel who can satisfy the changing needs of our present and future clientele. It has also assisted in our contribution to society as we continue to encourage persons to sustain themselves through employment and as such MTS is seen as a major employment generator within the Trinidad and Tobago economy.

(9) **Corporate Social Responsibility**

We continued to enhance our reputation as a strong Corporate Social Citizen in 2014. We were able to participate in and continue to support the following initiatives and events:

1. Participated in Eight Career Fairs hosted by the Ministry of the People and Social Development
2. Participated in PTSC's Sports and Family Day
3. Participated in Ministry of Works and Infrastructure's 5k Run/Walk
4. Continued Landscape Maintenance with regards to the Beautification Program at the Aranguéz Roundabout.

**10) Statutory Obligations**

During the year 2014 MTS continued to meet all of its Statutory Obligations. They are as follows:

1. We filed our Annual Returns up to 2013.
2. We filed with the Securities and Exchange Commission as a Reporting Issuer all the documents required.
3. We submitted quarterly Interim Accounts as required by the Securities and Exchange Commission.
4. We paid all Corporation Tax, Green Fund Levy, Nis, Health Surcharge and PAYE due.

**11) Organizational Changes**

The following persons were confirmed in 2014.

1. Mr Colbert Straker – Deputy Chief Security Officer

**AUDITED FINANCIAL STATEMENTS 2014**

**NATIONAL MAINTENANCE TRAINING  
AND SECURITY COMPANY LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2014

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

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**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31,2014**

<u><b>CONTENTS</b></u>	<u><b>PAGE</b></u>
AUDITORS' REPORT	2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF COMPREHENSIVE INCOME	4
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	5
STATEMENT OF CASH FLOWS	6
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS	7 - 24

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

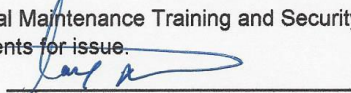
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2014

ASSETS	Notes	2014	2013
<b>Non-Current Assets</b>			
<b>FIXED ASSETS</b>			
Property, plant and equipment	11	31,059,785	32,114,722
<b>Other Non-Current Assets</b>			
Amounts receivable from GORTT	3	167,763,366	197,209,356
Deferred taxation	14a	7,217,692	8,964,788
		174,981,058	206,174,144
<b>Total Non-Current Assets</b>		206,040,843	238,288,866
<b>Current Assets</b>			
Inventories	7	6,562,187	5,146,390
Trade debtors	8	236,275,441	175,436,529
Sundry receivables and prepayments	8a	9,309,127	10,889,645
Amounts receivable from GORTT	3	29,445,990	29,445,990
Investments	6	53,902,640	53,345,429
Cash on hand and at banks	9	34,253,013	35,877,101
		369,748,398	310,141,084
<b>Total Assets</b>		575,789,241	548,429,950
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated capital	12	3,000,000	3,000,000
Revaluation reserve	13	19,777,867	19,777,867
Retained earnings		52,796,638	48,211,233
		75,574,505	70,989,100
<b>Non-Current Liabilities</b>			
Pensions	4	5,828,000	6,314,000
Provision for retirement lump sum benefits	5	151,540,000	144,288,000
Provision for vacation leave		34,461,728	24,319,254
Deferred taxation	14b	1,056,459	987,489
Amount due to bond holders	3	167,763,366	197,209,356
		360,649,553	373,118,099
<b>Current Liabilities</b>			
Trade creditors		15,144,035	16,156,784
Other creditors and accruals	10	94,975,158	58,719,977
Amounts due to bond holders	3	29,445,990	29,445,990
		139,565,183	104,322,751
<b>Total Equity and Liabilities</b>		575,789,241	548,429,950

The notes on pages 7 to 24 form an integral part of these financial statements.

On March 26, 2015 the Board of Directors of National Maintenance Training and Security Company Limited authorised these financial statements for issue.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director



**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Notes	2014	2013
<b>Revenue</b>			
<b>Income from operations</b>	<b>16</b>	453,534,470	413,174,085
<b>MTS Plaza rents</b>		1,938,488	1,938,741
<b>Disposal of fixed assets</b>		410,638	480,045
		455,883,596	415,592,871
<b>Less: Expenses</b>			
Salaries and staff expenses	<b>17</b>	389,352,956	347,119,912
Operating expenses	<b>18</b>	27,867,335	22,453,022
Supplies and materials	<b>19</b>	29,345,935	29,172,083
Directors' fees and allowances		562,500	549,000
		447,128,726	399,294,017
<b>Profit for the year before interest and depreciation</b>		8,754,870	16,298,854
Finance charges	<b>20</b>	374,192	296,575
Depreciation	<b>11</b>	2,359,883	2,266,272
<b>Profit for the year before taxation</b>		6,020,795	13,736,007
<b>Less:</b>			
<b>Taxation</b>	<b>21</b>	1,435,390	1,433,895
<b>Profit for the year after taxation</b>		4,585,405	12,302,112

The notes on pages 7 to 24 form an integral part of these financial statements.

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AND RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Stated Capital	Revaluation Reserve	Retained Earnings	Total
<b>Year ended December 31, 2014</b>				
Balance as at January 1, 2014	3,000,000	19,777,867	48,211,233	70,989,100
Total comprehensive income for the year	-	-	4,585,405	4,585,405
Balance as at December 31, 2014	<u>3,000,000</u>	<u>19,777,867</u>	<u>52,796,638</u>	<u>75,574,505</u>
<b>Year ended December 31, 2013</b>				
Balance as at January 1, 2013	3,000,000	19,777,867	77,757,119	100,534,986
Prior year adjustment pensions <i>(Note 4)</i>	-	-	(13,666,000)	(13,666,000)
Prior year adjustment termination benefits <i>(Note 5)</i>	-	-	(37,146,786)	(37,146,786)
Prior year adjustment for deferred taxation <i>(Note 14a)</i>	-	-	8,964,788	8,964,788
Total comprehensive income for the year	-	-	12,302,112	12,302,112
Balance as at December 31, 2013	<u>3,000,000</u>	<u>19,777,867</u>	<u>48,211,233</u>	<u>70,989,100</u>

The notes on pages 7 to 24 form an integral part of these financial statements.



**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>2014</b>	<b>2013</b>
Net profit before taxation	6,020,795	13,736,007
Depreciation	2,359,883	2,266,272
Prior year adjustment	-	(50,812,786)
Gain on disposal of fixed assets	<u>(410,638)</u>	<u>(480,045)</u>
<b>Operating profit before working capital changes</b>	<b>7,970,040</b>	<b>(35,290,552)</b>
<b>Changes in Working Capital</b>		
Increase in severance and pensions	6,766,000	49,594,000
(Decrease)/increase in provision for vacation leave	10,142,474	(6,675,349)
Increase in receivables and prepayments	(57,661,248)	(28,368,628)
Increase in inventories	(1,415,797)	(591,612)
(Decrease)/increase in trade payables	(1,012,749)	(2,243,944)
Decrease in other creditors and accruals	<u>36,255,181</u>	<u>(19,326,363)</u>
<b>Cash used in operations</b>	<b>1,043,901</b>	<b>(42,902,448)</b>
Taxation paid	<u>(1,224,214)</u>	<u>(6,265,881)</u>
<b>Net cash outflow from operating activities</b>	<b><u>(180,313)</u></b>	<b><u>(49,168,329)</u></b>
<b>Cash flows from Investing Activities:</b>		
Purchase of property, plant and equipment	(1,393,564)	(2,204,677)
Disposal of property, plant and equipment	<u>507,000</u>	<u>748,938</u>
<b>Net cash outflow from investing activities</b>	<b><u>(886,564)</u></b>	<b><u>(1,455,739)</u></b>
<b>Net decrease in cash</b>	<b>(1,066,877)</b>	<b>(50,624,068)</b>
<b>Cash at beginning of the year</b>	<b><u>89,222,530</u></b>	<b><u>139,846,598</u></b>
<b>Cash at end of the year</b>	<b><u><u>88,155,653</u></u></b>	<b><u><u>89,222,530</u></u></b>
<b>Represented by:</b>		
Cash on hand and at banks	34,253,013	35,877,101
Investments	<u>53,902,640</u>	<u>53,345,429</u>
	<b><u><u>88,155,653</u></u></b>	<b><u><u>89,222,530</u></u></b>

The notes on pages 7 to 24 form an integral part of these financial statements.

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**1. Incorporation and Principal Activities of the Company**

The company was incorporated in the Republic of Trinidad and Tobago on November 27, 1979. The registered office is MTS Plaza, Aranguez Main Road, Aranguez, San Juan.

The company changed its name by Special Resolution from The Secondary Schools Maintenance Training and Security Company Limited to National Maintenance Training and Security Company Limited. Approval for the change was granted by the Registrar of Companies on December 29, 1989.

Its principal business activities are the provision of security, janitorial, agricultural services and project management.

**2. Accounting Policies**

**2.1 Basis of Preparation**

These financial statements have been prepared under the historical cost convention and no account has been taken of the effects of inflation. The company's accounting policies conform with International Financial Reporting Standards.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The company makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

**2. Accounting Policies (cont'd)**

**2.2 Inventories**

Inventories are valued at the lower of cost and net realisable value, allowance having been made for slow moving and obsolete items. Stocks are valued on an average cost basis.

Cost of inventories excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**2.3 Revenue and Expenditure**

Revenue and expenditure are accounted for on an accruals basis. With respect to projects under management, the project management fees are recorded as revenue.

**2.4 Investments**

Investments are intended to be held for an indefinite period of time and may be sold in response to the need for liquidity or changes in interest rates. These investments are carried at fair value with realised gains and losses being taken to the statement of comprehensive income.

**2.5 Leases**

For operating leases, lease payments are recognised as an expense on the straight line basis over the term of the lease.

**2.6 Financial Assets**

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and 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, except for maturities greater than twelve (12) months after the statement of financial position date. These are classified as non-current assets. The Company's loans and receivables comprise 'trade receivables and prepayments' and 'cash and cash equivalents' in the statement of financial position.

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

**2. Accounting Policies (cont'd)**

**2.7 Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount of the obligation can be made.

**2.8 Cash and Cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and the short term cash investments.

**2.9 Foreign Currency Transactions**

These financial statements are stated in Trinidad and Tobago dollars . Revenue transactions in foreign currencies are translated at the rates ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated at the rates prevailing at the statement of financial position date. Profit and losses thus arising are dealt with in the statement of comprehensive income.

**2.10 Borrowings**

Borrowings are recognised initially at cost, being their issue cost net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.



**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

**2. Accounting Policies (cont'd)**

**2.11 Property, Plant and Equipment**

Depreciation is calculated on the reducing balance basis utilizing rates sufficient to write-off the assets over their estimated lives as follows.

Furniture, fixtures and equipment	10%
Plant, machinery and equipment	33 1/3%
Vehicles	25%
Computer equipment	33 1/3%
Fire arms	33 1/3%
Building	2.5%

No depreciation has been provided on land.

**2.12 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 value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

**2. Accounting Policies (cont'd)**

**2.13 Employee Benefits - Pension and Termination Benefit**

The company operates a defined benefit pension plan, the assets of which are held in separate trustee-administered funds. The company also operates an unfunded termination lump sum benefit arrangement for unionized employees who are covered by an industrial agreement.

The company's pension and retirement benefit accounting costs are assessed under IAS 19 using the projected unit method, taking account of the recommendations of independent qualified actuaries.

**2.14 Current and Deferred Taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date.

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. The principal temporary differences arise from depreciation on property, plant and equipment, and losses carried forward.

Currently enacted tax rates are used to determine deferred income tax.

Deferred taxation relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

**2.15 Comparative Information**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.



**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

**2. Accounting Policies (cont'd)**

**2.16 Financial Risk Management**

**Financial Risk Factors**

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. Risk management is carried out in line with policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity.

**(a) Market Risk**

The company monitors its exposure to fluctuations in foreign currencies. If it is determined that there is a need to hedge this exposure the appropriate instrument is used.

**(b) Credit Risk**

Credit risk arises from cash and cash equivalents as well as credit exposures to customers. The company has a significant concentration of credit risk. However, the company has policies in place to ensure that services rendered are made to customers with an appropriate credit history. The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk and are regularly monitored through the use of credit terms. Management does not expect any losses from non-performance from counterparties.

**(c) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the company aims at maintaining flexibility in funding by keeping committed credit lines available.

**(d) Cash Flow and Fair Value Interest Rate Risk**

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

**2.17 Capital Risk Management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

**2.18 New Standards and Interpretations not yet adopted**

The company has not applied the following standards, revised standards and interpretations which have been issued but are not yet effective as they either do not apply to the activities of the company or have no material impact on its financial statements.

IFRS 2 - Share-based Payment

IFRS 8 - Operating Segments

IAS 27 - Consolidated and Separate Financial Statements

IAS 28 - Investments in Associates

IAS 29 - Financial Reporting in Hyperinflationary Economies

IAS 32 - Financial Instruments. Presentation

IAS 39 - Financial Instruments. Recognition and Measurement

IAS 40 - Investment Property

IAS 41 - Agriculture



**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

**3. Amounts receivable / due from the Government of Trinidad & Tobago**

	<b>2014</b>	<b>2013</b>
<b>Non Current Assets</b>		
Amounts receivable from GORTT	<u>167,763,366</u>	<u>197,209,356</u>
<b>Current Assets</b>		
Amounts receivable from GORTT	<u>29,445,990</u>	<u>29,445,990</u>
	<u>197,209,356</u>	<u>226,655,346</u>
<b>Non Current Liabilities</b>		
Amounts due to Bond Holders	<u>167,763,366</u>	<u>197,209,356</u>
<b>Current Liabilities</b>		
Amounts due to Bond Holders	<u>29,445,990</u>	<u>29,445,990</u>
	<u>197,209,356</u>	<u>226,655,346</u>

Funded as follows:

1. Citicorp Merchant Bank	8,933,169	49,132,436	58,065,605
2. Unit Trust Corporation of T & T	11,538,462	80,769,228	92,307,690
3. Unit Trust Corporation of T & T	<u>8,974,359</u>	<u>67,307,692</u>	<u>76,282,051</u>
	<u>29,445,990</u>	<u>197,209,356</u>	<u>226,655,346</u>

1. **\$174.1 million** issued by Citicorp Merchant Bank Limited on the June 15, 2000 in favour of National Maintenance Training and Security Co. Ltd. (MTS) to be used for the construction of ten Secondary Schools under the first phase of The Secondary Education Modernisation Programme (SEMP Phase 1) and extends for twenty years. These 11.75% Bonds 2000-2020 are guaranteed by the Government of Trinidad & Tobago.
  
2. **\$225.0 million** issued by Unit Trust Corporation of Trinidad & Tobago Limited as a first tranche on the 16th November 2001 in favour of National Maintenance Training and Security Co. Ltd. (MTS) to be used for the construction of twelve Secondary schools under the second phase of the Secondary Education Modernisation Programme (SEMP Phase 2) and extends for twenty years. This bond issued as Series 1 - 10.15% Fixed Rate Bonds 2001 - 2021 under a guarantee from The Government of Trinidad and Tobago.

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

**3. Amounts receivable / due from the Government of Trinidad & Tobago (cont'd)**

3. **\$175.0 million** issued by Unit Trust Corporation of Trinidad & Tobago Limited as the second tranche on the May 16, 2002 in favour of National Maintenance Training and Security Co. Ltd. (MTS) to be used for the construction of twelve Secondary Schools under the second phase of the Secondary Education Modernisation Programme (SEMP Phase 2) and extends for twenty years. This bond issued as Series 2 - 10.25% Fixed Rate Bonds 2002 - 2022 under a guarantee from The Government of Trinidad and Tobago.

<b>4. Pensions</b>	<b>2014</b>	<b>2013</b>
Non-Current Liability	5,828,000	6,314,000

The company's pension and retirement benefit accounting cost are assessed under International Accounting Standard #19 using the projected unit method by qualified independent actuaries.

**MTS Pension Fund Plan**

The amounts recognised in the Statement of Financial Position are as follows:

<b>Non-Current Liability</b>	<b>2014</b>	<b>2013</b>
Defined benefit obligation	45,488,000	44,693,000
Fair value of assets	(39,660,000)	(38,379,000)
Net defined liability	5,828,000	6,314,000



**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

**4. Pensions (cont'd)**

**Movement in the Asset Recognised in the Statement of Financial Position**

	<b>2014</b>	<b>2013</b>
Defined benefit asset as at January 1	6,314,000	(7,352,000)
Prior year adjustment	-	13,666,000
Experience gain	(804,000)	
Plus net pension cost	2,257,000	1,703,000
Less: Company contributions paid	<u>(1,939,000)</u>	<u>(1,703,000)</u>
Defined benefit liability/(asset) as at December 31	<u>5,828,000</u>	<u>6,314,000</u>

The amounts to be recognised in the Statement of Comprehensive Income are as follows:

	<b>2014</b>	<b>2013</b>
Current service cost	1,947,000	1,466,000
Interest on defined benefit obligation	205,000	140,000
Amortised net loss	<u>105,000</u>	<u>97,000</u>
Net pension cost	<u>2,257,000</u>	<u>1,703,000</u>
<b>Actual Return on Plan Assets</b>	<u><b>0.902</b></u>	<u><b>3.845</b></u>

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

	<b>2014</b>	<b>2013</b>
<b>5. Provision for Termination Lump Sum Benefit</b>		
Provision for termination lump sum benefit	<u>151,540,000</u>	<u>144,288,000</u>

Company unfunded termination lump sum benefit arrangement

	<b>2014</b>	<b>2013</b>
Defined Benefit Obligation	<u>151,540,000</u>	<u>144,288,000</u>

Movement in the Liability recognised in the Statement of Financial Position:

	<b>2014</b>	<b>2013</b>
Defined benefit asset as at January 1	144,288,000	108,360,000
Adjustment to opening defined benefit obligation	-	37,146,000
Plus termination benefit net cost	7,252,000	7,925,000
Less: Company contributions paid	-	(9,143,000)
Defined benefit asset as at December 31	<u>151,540,000</u>	<u>144,288,000</u>

The amounts recognised in the Statement of Comprehensive Income are as follows:

	<b>2014</b>	<b>2013</b>
Current service cost	<u>7,252,000</u>	<u>7,925,000</u>

(Note 17)

<b>6. Investments</b>	<b>2014</b>	<b>2013</b>
Unit Trust Corporation	11,585,217	11,480,022
First Citizens Bank Limited	42,317,423	41,865,407
	<u>53,902,640</u>	<u>53,345,429</u>



**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

<b>7. Inventories</b>	<b>2014</b>	<b>2013</b>
Electronics security	320,710	278,218
Raw materials and consumables	6,622,017	5,248,712
Less : Provision for obsolescence	(380,540)	(380,540)
	<u>6,562,187</u>	<u>5,146,390</u>
<b>8. Trade Debtors</b>	<b>2014</b>	<b>2013</b>
Trade debtors	270,687,575	205,393,095
Provision for bad and doubtful debts	(34,412,134)	(29,956,566)
	<u>236,275,441</u>	<u>175,436,529</u>
<b>8a. Sundry Receivable and Prepayments</b>	<b>2014</b>	<b>2013</b>
Prepayments	2,269,780	3,140,039
Projects under management	407,313	1,105,561
Other	92,423	104,434
Taxation recoverable	6,539,611	6,539,611
	<u>9,309,127</u>	<u>10,889,645</u>
<b>9. Cash In Hand and At Banks</b>	<b>2014</b>	<b>2013</b>
Petty Cash Floats	<u>106,500</u>	<u>103,000</u>
First Citizens Bank Limited	62,571	62,571
Republic Bank Limited	22,404,511	24,676,347
Republic Bank Limited - SEMP Phase II	8,046,604	8,047,083
Republic Bank Limited - Payroll	45,132	46,347
Scotia Bank of T & T Limited	3,102,053	2,708,120
Scotia Bank of T & T Limited - Fleet Card	485,642	233,633
	<u>34,146,513</u>	<u>35,774,101</u>
<b>TOTAL</b>	<u>34,253,013</u>	<u>35,877,101</u>
<b>10. Other Creditors and Accruals</b>	<b>2014</b>	<b>2013</b>
VAT payable	21,927,958	4,716,673
Projects under management - net	24,167,451	17,396,059
Accruals and other creditors	48,879,749	36,607,245
	<u>94,975,158</u>	<u>58,719,977</u>

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

**11. Property, Plant and Equipment**

	Furniture and Appliances	Office Equip & Machines	Plant & Equipment	Vehicles	Computer Equipment	Firearms	Land	Building	Total
<b>Cost/Revaluation</b>									
As at January 1, 2014	3,134,791	3,713,560	14,577,691	6,671,775	4,905,639	1,456,359	1,950,000	28,050,000	64,459,815
Additions for the year	34,384	3,050	934,768	362,000	59,362	-	-	-	1,393,564
Disposals for the year	-	-	-	(1,662,534)	-	-	-	-	(1,662,534)
As at December 31, 2014	3,169,175	3,716,610	15,512,459	5,371,241	4,965,001	1,456,359	1,950,000	28,050,000	64,190,845
<b>Accumulated Depreciation</b>									
As at January 1, 2014	2,256,301	3,482,763	12,833,844	4,738,174	3,723,008	1,357,870	-	3,953,133	32,345,093
Charge for year	85,977	47,173	736,764	532,343	329,271	25,933	-	602,422	2,359,883
Disposals for the year	-	-	-	(1,573,916)	-	-	-	-	(1,573,916)
As at December 31, 2014	2,342,278	3,529,936	13,570,608	3,696,601	4,052,279	1,383,803	-	4,555,555	33,131,060
<b>Net Book Value</b>									
As at December 31, 2014	826,897	186,674	1,941,851	1,674,640	912,722	72,556	1,950,000	23,494,445	31,059,785
<b>Cost/Revaluation</b>									
As at January 1, 2013	3,056,912	3,673,581	14,172,199	8,403,721	4,901,337	1,424,859	1,950,000	28,050,000	65,632,609
Additions for the year	85,776	45,072	712,834	1,131,975	197,520	31,500	-	-	2,204,677
Disposals for the year	(7,897)	(5,093)	(307,342)	(2,863,921)	(193,218)	-	-	-	(3,377,471)
As at December 31, 2013	3,134,791	3,713,560	14,577,691	6,671,775	4,905,639	1,456,359	1,950,000	28,050,000	64,459,815
<b>Accumulated Depreciation</b>									
As at January 1, 2013	2,167,553	3,440,112	12,459,872	6,925,851	3,521,946	1,336,800	-	3,335,265	33,187,399
Charge for year	95,305	47,630	669,372	424,146	390,881	21,070	-	617,868	2,266,272
Disposals for the year	(6,557)	(4,979)	(295,400)	(2,611,823)	(189,819)	-	-	-	(3,108,578)
As at December 31, 2013	2,256,301	3,482,763	12,833,844	4,738,174	3,723,008	1,357,870	-	3,953,133	32,345,093
<b>Net Book Value</b>									
As at December 31, 2013	878,490	230,797	1,743,847	1,933,601	1,182,631	98,489	1,950,000	24,096,867	32,114,722

The company had its property revalued professionally by Linden Scott and Associates Ltd. (See Note 13)



**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

<b>12. Stated Capital</b>	<b>2014</b>	<b>2013</b>
Authorised		
Unlimited number of ordinary shares of \$1 each		
Issued		
3,000,000 ordinary shares of \$1 each	<u>3,000,000</u>	<u>3,000,000</u>

**13. Revaluation Reserve**

The property comprising freehold lands and buildings were revalued in accordance with IAS 16 by a professional firm of valuers, Linden Scott and Associates. The surplus arising from the revaluation was credited to the revaluation reserve account. The valuation was accounted for in the year ended December 31, 2012.

<b>14. Deferred Taxation</b>	<b>2014</b>	<b>2013</b>
<b>a) Deferred Tax Asset</b>		
Brought forward	8,964,789	-
Prior year adjustment	-	12,703,196
Amount utilised during the year (Note 21)	(1,747,096)	(3,738,408)
Balance carried forward	<u>7,217,693</u>	<u>8,964,788</u>

**b) Deferred Tax Liability**

Balance brought forward	987,489	798,933
Charge to Statement of Comprehensive Income (Note 21)	68,970	188,556
	<u>1,056,459</u>	<u>987,489</u>

<b>15. Related Parties</b>	<b>2014</b>	<b>2013</b>
Directors' compensation	<u>562,500</u>	<u>549,000</u>
Key management compensation		
Salaries and other short term benefits	2,953,800	3,125,000
Post employment benefits	549,000	114,000
	<u>3,502,800</u>	<u>3,239,000</u>

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

<b>16. Income</b>	<b>2014</b>	<b>2013</b>
Security	254,015,537	225,946,649
Janitorial/Maintenance	162,140,378	152,713,049
Engineering	4,443,137	2,985,009
Agri Business	8,721,630	8,624,783
Technical	23,635,783	21,588,982
Miscellaneous	578,005	1,315,613
<b>Total Income</b>	<u>453,534,470</u>	<u>413,174,085</u>

<b>17. Salaries and Staff Expenses</b>	<b>2014</b>	<b>2013</b>
Fortnightly wages	338,663,247	296,167,932
Monthly salaries	14,710,665	15,723,578
Casual Labour	166,927	229,098
Medical Expenses	1,080,909	1,222,287
Employer's NIS Contribution	24,221,953	22,719,803
Employer's Contribution Health Plan	789,167	476,580
Group Life	97,688	75,754
Pension Plan	1,448,061	1,703,000
Staff Welfare	573,215	729,527
Termination benefits	7,252,000	7,925,000
Dental and vision	302,090	110,837
Interest Subsidy - Employees' Loans	47,034	36,516
<b>Total Salaries and Staff Expenses</b>	<u>389,352,956</u>	<u>347,119,912</u>



**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

<b>18. Operating Expenses</b>	<b>2014</b>	<b>2013</b>
Air travel	57,972	161,550
Accommodation	(267,922)	54,423
Bad and doubtful debts	4,455,568	-
Data Processing - Other Expenses	132,763	192,768
Consumable tools	150,606	121,919
Insurances	2,144,637	2,515,503
Legal and professional	1,474,661	1,181,982
Library costs	37,688	30,768
Vehicle parking	11,183	20,218
Tenders	38,984	24,082
Other	732,982	711,891
FUEC/Gun lodging/Precept/Licence	133,240	140,337
Canine security	3,355,835	2,424,660
Other security services	8,040	44,820
Operating expenses - vehicles	1,006,305	938,366
Photocopying	111	934
Photography	11,452	9,435
Postage	2,571	2,864
Public relations	3,554,864	4,967,613
Rents	6,748,169	5,773,531
Telephone and telexes	933,368	1,009,840
Training	1,889,936	1,130,705
Transportation	97,688	32,950
Electricity	1,096,559	952,870
Water rates	60,075	66,043
Land and building expenses	-	(57,050)
<b>Total Operating Expenses</b>	<u><u>27,867,335</u></u>	<u><u>22,453,022</u></u>

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

<b>19. Supplies and Materials</b>	<b>2014</b>	<b>2013</b>
Supplies	12,626,544	9,887,549
Repairs and maintenance	11,172,442	12,323,556
Consumables	5,213,895	6,668,581
Other	333,054	292,397
	<u>29,345,935</u>	<u>29,172,083</u>
<b>20. Finance Charges</b>	<b>2014</b>	<b>2013</b>
Bank charges	339,192	286,575
Fees on Bonds	35,000	10,000
<b>Total Finance / Interest Charges</b>	<u>374,192</u>	<u>296,575</u>
<b>21. Taxation</b>	<b>2014</b>	<b>2013</b>
Corporation Tax (Note 14)	1,747,096	3,738,408
Deferred tax asset	(1,747,096)	(3,738,408)
Business Levy and Green Fund	1,366,420	1,245,339
Tax Liability Charge (Note 14)	68,970	188,556
	<u>1,435,390</u>	<u>1,433,895</u>
<b>TOTAL</b>	<u>1,435,390</u>	<u>1,433,895</u>
<b>Profit before taxation</b>	<u>6,020,795</u>	<u>13,736,007</u>
<b>Tax calculated at 25%</b>	1,505,199	3,434,002
<b>Expenses not deductible for tax</b>	678,734	808,892
<b>Income/allowances subject to tax</b>	<u>(436,837)</u>	<u>(504,486)</u>
	1,747,096	3,738,408
<b>Tax loss utilised</b>	<u>(1,747,096)</u>	<u>(3,738,408)</u>
<b>Business and Green Fund Levy</b>	1,366,420	1,245,339
<b>Deferred tax adjustment</b>	68,970	188,556
	<u>1,435,390</u>	<u>1,433,895</u>

The company has taxation losses available for set-off against future profits amounting to approximately \$28,870,772. These losses have not yet been agreed to by the Board of Inland Revenue.

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**ANNUAL ADMINISTRATIVE REPORT 2014**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 (cont'd)**

**22. Subsequent Events**

The company is in the process of wage negotiation with the various unions which represent the employees which covers years 2011 to 2014. These negotiations are guided by instructions from The Chief Personnel Officer. No increased rates have been proposed by the company to date as they are awaiting instructions. Since the current negotiations are not yet finalised the quantum of the increase, if any, cannot be determined. However, it is expected that the Government will fund any back pay which may arise on the completion of the wage negotiations.

**23. Contingent Liabilities**

	<b>2014</b>	<b>2013</b>
Performance Bonds	<u>\$ 1,038,143</u>	<u>\$ 126,305</u>
Litigation Matters	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>

The Company has a number of small legal claims pending against it. The directors are of the opinion that the company will be successful in defending most of the matters. There is a provision of \$1,700,000 in the accounts nonetheless.