



NATIONAL MAINTENANCE TRAINING AND

SECURITY COMPANY LIMITED

ANNUAL ADMINISTRATIVE REPORT

FOR THE YEAR ENDED 31st DECEMBER, 2016

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
ANNUAL ADMINISTRATIVE REPORT 2016**

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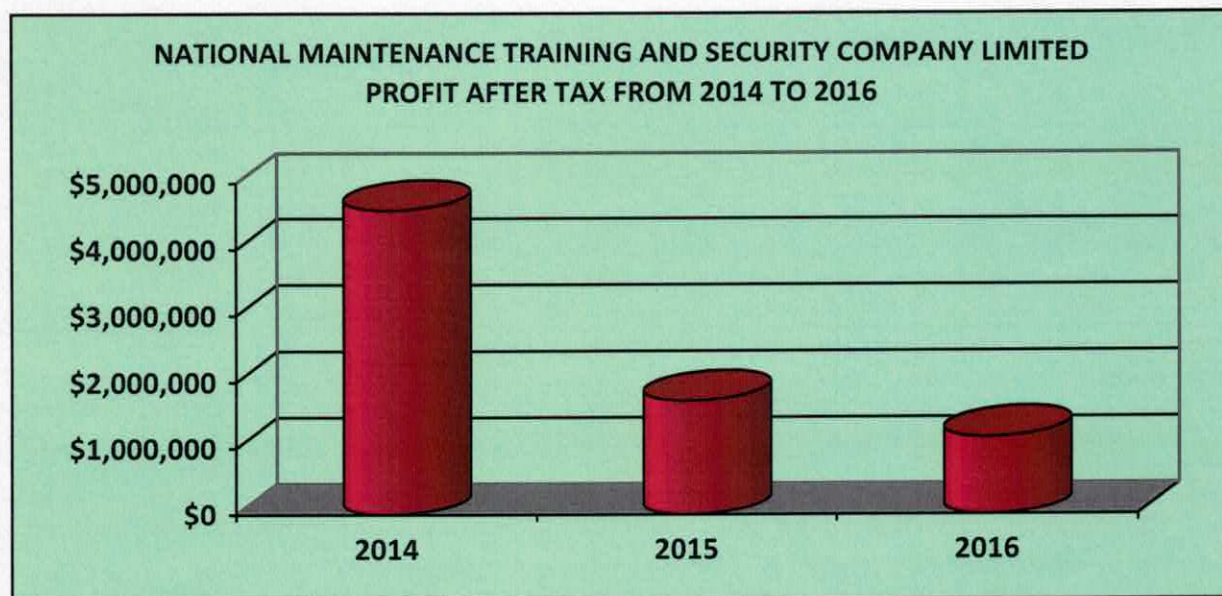
VISION

As a company, we exercise effective leadership and good governance in ensuring a clean, safe, secure and sustainable environment for the communities that we serve.

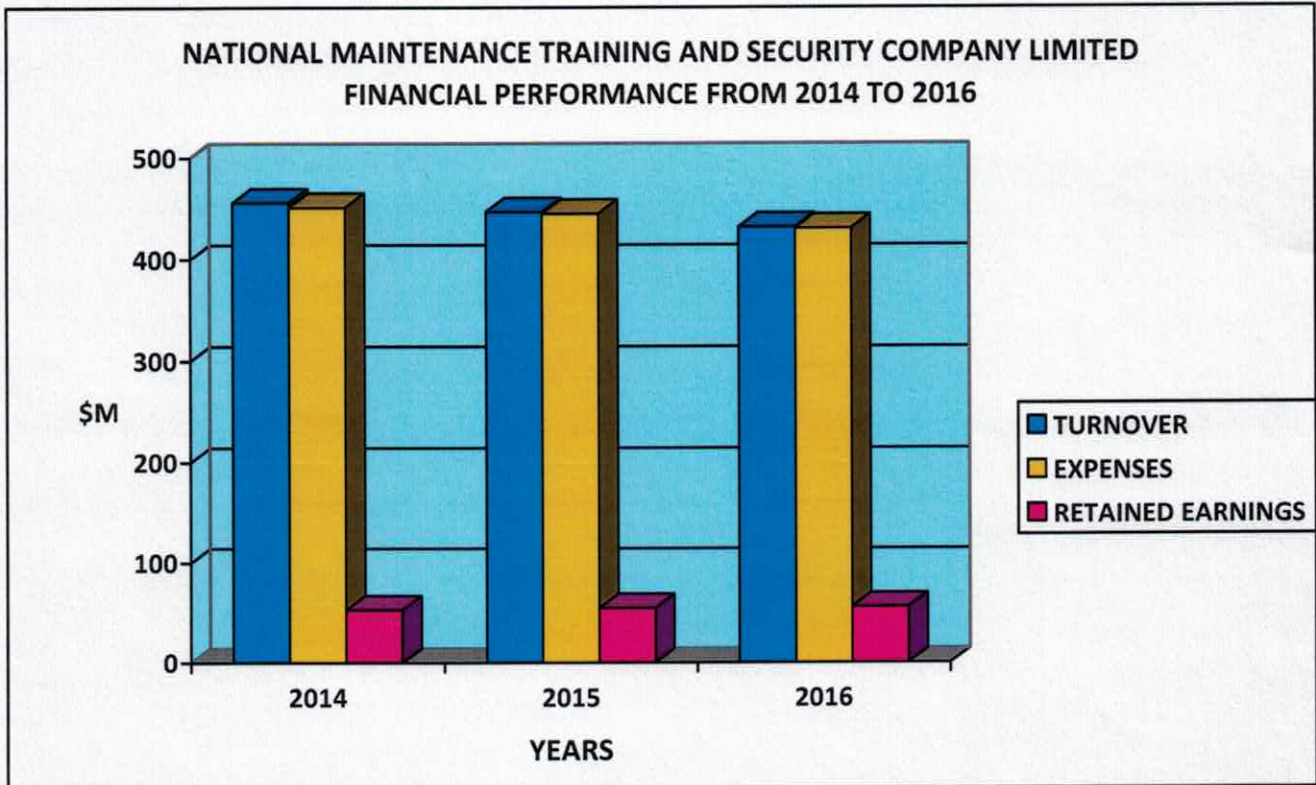
PERFORMANCE HIGHLIGHTS

SUMMARY FINANCIAL ANALYSIS FROM 2014 TO 2016

	2014	2015	2016
RETAINED EARNINGS	\$ 52,796,638	\$ 54,507,167	\$ 55,669,136
TURNOVER	\$455,883,597	\$446,814,707	\$431,578,991
EXPENSES	\$451,298,192	\$445,104,178	\$430,417,022
PROFIT AFTER TAX	\$ 4,585,405	\$ 1,710,529	\$ 1,161,969
EMPLOYEES	5,359	5,455	5,664



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Profitability

MTS has continued to record profits and in 2016 we recorded an after tax profit of \$1,161,969. Our profits in 2016 decreased by (32%) when compared to 2015. Our average profits for the three year period 2014 to 2016 also decreased by (60%) when compared to our previous average for 2013 to 2015.

Retained Earnings

Retained Earnings has increased in 2016 by 2% when compared to 2015. This represents an increase of \$1,161,969.

Turnover

Turnover has decreased in 2016 by approximately (3%) when compared to 2015. For the three years 2014 to 2016, it also decreased from \$ 455,883,596 in 2014 to \$ 431,578,991 in 2016.

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Expenses

Our expenses decreased in 2016 by approximately 3% when compared to 2015.

Employment

Employment has increased over the past year from 5,455 employees in 2015 to 5,664 in 2016. This represents an increase of approximately 4% for the period.

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THE CHAIRMAN'S REVIEW

FOR THE YEAR ENDED 31ST DECEMBER, 2016.

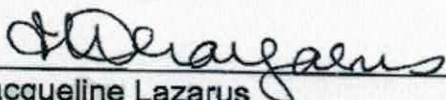
MTS' financial results for 2016 reflect the continuing stability of the company despite the various challenges experienced due to our volatile operating environment. The development and review of our internal systems and processes are integral to our sustainable strategy, enabling us to improve upon operations and providing further opportunities for growth. These measures ensured that we were able to meet the demands of our various stakeholders on a regular basis. We will continue to innovate and expand in our various functional areas, while maintaining our status as a leader in our industry, which 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 2016. Whilst our revenue decreased from \$446,814,707 in 2015 to \$431,578,991 in 2016, we were successful in our cost reduction drive as our expenses also decreased from 2015 to 2016 by approximately 3%. This means that we have recorded an after tax Profit of \$1,161,969 for 2016. The most significant factor, resulting in the decrease in expenses, is the reduction in overtime hours, due to the recruitment of additional security officers.

Achievements

MTS continued to perform credibly in all spheres of our activities in 2016. Our policies balanced commercial needs, as well as the requirements and concerns 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 5,664 persons. We were able to manage a reasonable level of growth despite a contracted economic environment.



Jacqueline Lazarus
Chairman

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NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED CHIEF EXECUTIVE OFFICER'S COMMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016.

MTS' financial position has been firm in 2016 even as growth in the national economy has contracted by 2% when compared to 2015. This has resulted in a significant contraction in fiscal expenditure as well as a sharp decline in aggregate demand. However, through the dedication of our employees and in depth expertise, we have been able to expand our customer base while maintaining our dominant position in the industry. This in turn has enabled us to increase our workforce to 5,664 persons, even though there has been a sustained decline in international oil and gas prices.

Future prospects

MTS has embarked upon a new five year strategic plan in 2016. The purpose of which is to review and redesign the internal processes of the company, which is expected to positively affect our cash flows and future profits. We continue to implement our cost reduction initiatives while ensuring our standards of quality remain at a high level. Our strategic, operational and tactical objectives are designed to ensure that our clients receive premium service at competitive prices.

Strategic thrust

Our Strategic Thrust has been invigorated by a new strategic plan which seeks to consolidate our current position but yet explores additional opportunities such as national asset management, maintenance of heritage buildings and high rise facilities, as well as enhanced training to combat school violence. We will continue to improve and innovate to ensure our strengths are developed and maximized to strengthen our position as one of the Premier Service Providers in Trinidad and Tobago.



Lennox Rattansingh
Chief Executive Officer

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BOARD OF DIRECTORS

The present Board of Directors accepted their instruments of appointment from the 21st February 2016.

1. Jacqueline Lazarus - Chairman
2. Keith Mc Donald - Vice - Chairman
3. Ian Forde - Director
4. Rosanna Mc Kenna - Director
5. Michael Mohammed - Director
6. Rose Ramoutar - Director
7. Averline Scott - 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

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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 5,600 employees and operates in over 1000 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.

MTS continues to focus on its old mandate, "to protect and preserve the Nation's massive investment in school facilities. This is of utmost importance as our country currently faces a growth in crime and violence, and the need for the protection of people has increased.

Our training and management strategies set a high standard for both the maintenance and security industries. As MTS maintains its leadership, our internal processes, procedures,

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training standards and practices continue to improve, which not only establishes the industry standard, but also provides a good governance model for other state enterprises.

MTS operates as a buffer against potential threats of private security firms engaging in collusion and strategic bidding for contracts which could result in the financial destabilization of the Government. As such, MTS remains driven by public interest, rather than by private gain.

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 from 2016 to 2021 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.

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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. Institutional Strengthening

This requires the strengthening of key institutional capacities by enhancing strategy, in order to remain relevant and continue to play a leading role in the facilities management industry.

2. Facilities Management and Protecting People

The strategic initiatives supporting this objective, will see MTS reposition itself from simply a provider of maintenance and security services, to a leader in comprehensive facilities management and people protection.

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3. Enhancing Social Responsibility

MTS will take a more active role in the protection of its stakeholders, as well as establishing a bigger role in reduction of school violence, setting standards for the security industry and assisting government in advancing its local government reform.

ACHIEVEMENTS

(1) Profitability

The Company continues to record profits in 2016. We have recorded an after tax profit of \$1,161,969 in 2016 which slightly below our budgeted profit of \$1.3M. Between 2014 and 2016 MTS has consistently reported after tax profits each year. In fact, over this three year period we reported an average of \$2,485,967 per year in after tax profits.

(2) Audited Financial Statements 2016

We have completed the Audit of our Financial Statements for the year 2016 on the 21st February 2017.

(3) Strategic Plan 2016-2021

MTS completed its five year strategic plan for 2016 to 2021. This plan is intended to help MTS to capitalize on current opportunities, as well as deepen our core responsibilities and expand on what we do to manage our nation's facilities. The plan seeks to execute the following:

- a. Stabilizing Finances
- b. Strategic Workforce Relations
- c. Introducing Strategic Human Resource Management
- d. Improving Quality
- e. Inventorying National Facilities
- f. Stewarding Heritage Buildings
- g. Mission Critical Facilities
- h. High-rise Building Strategy

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- i. New Security Technology
- j. Improving School Safety
- k. Regulating the Security Sector
- l. Local Government Reform
- m. Sustaining the Environment

(4) **New Contract Arrangements**

During 2016 we won new Janitorial Services and Security Services contracts. Thirty five new contracts were won during the year with a total value of approximately \$9.74M. The janitorial contracts are as follows:

1. Eteck
2. Judiciary of Trinidad and Tobago
3. Ministry of Community Development, Culture & the Arts
4. Ministry of Education
5. Ministry of Housing and Urban Development
6. Ministry of Labour, Small and Micro Enterprises
7. Ministry of National Security
8. Ministry of Planning & Development
9. Ministry of Public Utilities
10. Ministry of Social Development & Family Services
11. Power Generation Co. of Trinidad and Tobago
12. Trinidad and Tobago Housing Development Company
13. UDECOTT
14. UTT

In addition to these, we also won the following Security Services contracts in 2016:

1. Ministry of National Security
2. Ministry of Planning & Development
3. Ministry of Education
4. Ministry of Public Utilities

MTS continues to maintain and secure over 1000 locations in Trinidad and Tobago.

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(5) Training of Employees

MTS continued its Training programmes for 2016 which saw eight hundred and fifty nine persons, including both Maintenance employees and Security Personnel, trained in various disciplines during the year. This ensures that MTS provides high quality services to its customers while assisting in staff development.

(6) Estate Police Association Backpay (Approximately \$50M)

MTS prepared, audited and paid half of the Estate Police Association backpay in 2016. A total of four thousand, two hundred and eighty three employees received this backpay. As at the date of writing this report in 2017, MTS paid the second half of the backpay to its employees.

(7) Employee Relations

MTS continued to focus on maintaining good employee relations and in 2016 we continued the following initiatives:

1. Hosted the Calypso and Cook Out Competition for staff at the MTS Plaza.
2. Hosted Christmas Brunch, Eid, and Divali Functions.
3. Hosted Christmas Dinner Function for employees.
4. Sponsored Cancer Screening for Employees.

(8) Employment / Labour Intensive Services

The very nature of the services that MTS provides is labour intensive as for example in security our Clients pay for manpower security i.e. actual manpower present on site. The same applies for maintenance where the Client requires a specific number of workers per contract. Therefore, the revenue generated by the company is directly linked to the manpower required to carry out those services.

MTS continued to maintain its compliment of staff in 2016. Our employment levels remained stable in 2016 with employment standing at 5,664 employees. This means that

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for the three year period 2014-2016 our average employees increased to 5,493 from 5,395 for the period 2013-2015. This represents an increase of approximately 2% over the three year period. It is of utmost importance, that our clients are sufficiently staffed with qualified personnel while enabling us to adapt quickly to the changing needs of these clients. As such, it is necessary to continue our recruitment and training exercises to ensure our goals are met.

This has also provided persons with the opportunity to gain employment in order to sustain themselves and their families and as such MTS has been identified as a major employment generator in Trinidad and Tobago.

(9) Corporate Social Responsibility

We continued to enhance our reputation as a strong Corporate Social Citizen in 2016. We were able to participate in and continue to support the following initiatives and events:

1. Participated in Career Fairs hosted by the Ministry of the People and Social Development.
2. Participated in schools violence and crisis management training in July 2016.
3. Conducted a Relief Collection Drive for Haiti and donating a 40ft container with nonperishable items in October 2016.
4. Continued Landscape Maintenance with regards to the Beautification Program at the Aranguez Roundabout.
5. MTS conducted three courses for School Based Law Enforcement and Crisis Management Training which benefitted sixty eight persons. This was centered around a train the trainer course for the purpose of combatting school violence.

(10) Statutory Obligations

During the year 2016 MTS continued to meet all of its Statutory Obligations. They are as follows:

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1. We filed our Annual Returns up to 2016.
2. We filed with the Securities and Exchange Commission as a Reporting Issuer all the documents required for 2016.
3. We submitted quarterly Interim Accounts as required by the Securities and Exchange Commission in 2016.
4. We paid all Corporation Tax, Green Fund Levy, NIS, Health Surcharge and PAYE due. The following table provides the details of these payments.

BUSINESS LEVY	GREEN FUND	NIS	HEALTH SURCHARGE	PAYE	VAT	TOTAL
\$	\$	\$	\$	\$	\$	\$
2,671,717	1,298,780	42,139,409	2,320,190	13,970,407	24,735,661	87,136,165

CHALLENGES

MINISTRY OF EDUCATION – CHARGE OUT RATE FROM \$24 PER HR TO \$30 PER HR

The Ministry of Education is the major client of the Company's Security Division and accounts for 60% of the revenue for that Division. Thus, changes in that contract significantly impact the profitability of the Division.

The Ministry of Education currently pays \$24 an hour per unarmed security officer. The Ministry has been paying this rate since 2006. However, in 2013 following the Order of the Industrial Court, security officers benefited from a wage increase of approximately 9.2% and arrears of salary paid in one tranche of \$58M. This was funded solely from the Company's savings.

Historically, any increases in wages through negotiations have been countered with concomitant increases in contract rates from our largest Client, the Ministry of Education. This last occurred in 2006, with the Ministry paying MTS retroactively for the contracted past period after implementing the revised rate of \$24 per hour for unarmed security.

However, since this increase in wages in 2013 and despite our many attempts to negotiate this rate with the Ministry since the wage increase, we have not been able to achieve it. The position was further exacerbated in August 2015 when again wage negotiations with the

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Estate Police Association was settled for the period 01 November 2010 to 30 October 2013 at 10% - Yr1 2%, Yr2 3%, Yr3 5% in accordance with the guidelines of the Chief Personnel Officer.

We then wrote to the Ministry of Education requesting an increase in our present rates for the provision of unarmed security services from \$24.00 per hour to \$30.00 per hour. It is to be noted that all our other Clients are paying \$30.00 per hour for the unarmed service.

As a result of the rate for unarmed security remaining at \$24 per hour and given the size of the market share of the Ministry of Education for the Security Division, that Division reported a loss of \$39M in 2015 and \$35M in 2016. This has significantly adversely affected the overall profitability of the Company as well as the cash flow and operations of the Company.

We have sought the assistance of the Company's previous as well as current Line Ministry in negotiating the rates for unarmed Security with the Ministry of Education as the position worsens as time passes.

RECEIVABLES

The Company's receivables continue to be a challenge and despite our very best efforts to collect outstanding monies, it stands at \$249M with \$102M alone from the Ministry of Education.

1. MTS CURRENT COLLECTION EFFORTS

- I. We have created a Credit Control Department whose main responsibility is collection of Accounts Receivables. This department is supervised by the Accountant and consists of an Assistant Accountant and four Senior Accounts Clerks.
- II. Each member of the above team has assigned clients, which they visit to ensure delivery of invoices, interaction with client personnel and collections of receivables.
- III. We currently send customer statements to all of our customers each month quantifying the amounts outstanding.
- IV. We write letters to senior personnel apprising them of amounts outstanding each month.

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- V. We call customers to follow up on outstanding amounts and deal with any problems that may exist with invoices and arrange collection of any cheques.
- VI. We have on occasion solicited the assistance of various Government Officials to remove some of the bottlenecks which may be preventing payment of our receivables.
- VII. We have also written specifically to the Ministry of Finance and the Economy requesting assistance in our collections drive .

ONGOING WAGE NEGOTIATIONS.

TRANSPORT & INDUSTRIAL WORKERS UNION (TIWU) – Maintenance, Agri-business and Secretarial Staff

There are three (3) Bargaining Units covered under the TIWU. Maintenance, Clerical, Secretarial and Supervisory Staff are the majority of workers covered under this Union.

On September 20, 2016, after more than a year of negotiations for the period 2011 to 2014, TIWU agreed to the Company's last and final offer of an increase in wages of 10% distributed Yr1-2%, Yr2-3% and Yr3-5% in accordance with CPO's guidelines and cost items were also settled within the limits of the CPO's guidelines.

The projected cost as at that time - September 30, 2016 - of settling at the 10%- 2%, 3%, 5% was \$54,695,150.25 with an annual increase in recurrent expenditure of \$17,985,743.84. This back-pay figure continues to rise by approximately \$1.52M monthly.

Even though this figure was the last and final offer of the Company in accordance with the guidelines of the CPO, given the economic climate, we thought it prudent to seek validation of this settlement before signing a Collective Agreement with the Union. Also, given that **MTS has always maintained that we do not have the funds to settle this back-pay**, we therefore wrote to our Line Ministry (Ministry of Public Utilities) regarding this matter in September 2016. We are still awaiting feedback from the Chief Personnel Officer before we can agree to execute a new Collective Agreement with TIWU.

The Agreement covers 2702 workers – 2574 in Bargaining Unit 1 and 128 in Bargaining Units 2 and 3. Any arrears of salary to be paid following any wage settlement with TIWU would also require Government funding.

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SECURITY COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2016**

**SHAFFICK HOSEIN AND COMPANY
CHARTERED ACCOUNTANTS
AND
FORENSIC CERTIFIED PUBLIC ACCOUNTANTS
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Shaffick Hosein & Company

Chartered Accountants
and

Forensic Certified Public Accountants

54 Jarvis Street, Vistabella
Trinidad, West Indies

Phone: 1 868 652 0106
1 868 653 6687
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of National Maintenance Training and Security Company Limited which comprise the statement of financial position as at 31st December, 2016, and the statement of comprehensive income, and 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 these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

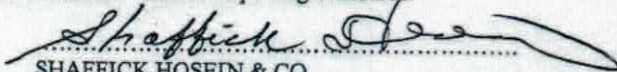
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Maintenance Training and Security Company Limited as of 31st December, 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

54 Jarvis Street,
Vistabella
21st February, 2017.


SHAFFICK HOSEIN & CO.
CHARTERED ACCOUNTANTS
AND
FORENSIC CERTIFIED PUBLIC ACCOUNTANTS

DR. SHAFFICK HOSEIN(Principal) BSc.(Hons)(U.W.I), FBA(CAN), MBA(CAN), MBA(U.S.A), AMITD(U.K), MBIM(UK), CAM(CAN), FCCA(U.K), CA(T&T)
CFC(CAN), Ph.D(U.S.A), LLM(U.W.I)- CORPORATE & COMMERCIAL LAW, FCPA(U.S.A) -FORENSIC CERTIFIED PUBLIC ACCOUNTANTS

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NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
 STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDED
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<u>ASSETS</u>	<u>NOTES</u>	<u>2016</u>	<u>2015</u>
<u>Non - Current Assets</u>			
<u>FIXED ASSETS</u>			
Property, Plant and Equipment	6	<u>29,010,745</u>	<u>29,877,448</u>
<u>Other Non-Current Assets</u>			
Amounts receivable from GORTT	3b	108,871,386	138,317,375
Deferred Taxation	15a	<u>4,016,462</u>	<u>5,898,496</u>
		<u>112,887,848</u>	<u>144,215,871</u>
TOTAL NON-CURRENT ASSETS		<u>141,898,593</u>	<u>174,093,319</u>
<u>CURRENT ASSETS</u>			
Inventories	7	9,918,850	6,019,896
Debtors and Prepayments	8	286,652,382	290,906,007
Amounts Receivable from GORTT	3a	29,445,990	29,445,990
Investment	9	40,345,873	54,423,154
Cash on Hand and at Banks	10	<u>16,535,314</u>	<u>24,755,334</u>
		<u>382,898,409</u>	<u>405,550,381</u>
TOTAL ASSETS		<u>\$524,797,002</u>	<u>\$579,643,700</u>
<u>REPRESENTED BY:</u>			
<u>EQUITY AND LIABILITIES</u>			
Share Capital	11	3,000,000	3,000,000
Re-valuation Reserve	14	19,777,867	19,777,867
Retained Earnings		<u>55,669,136</u>	<u>54,507,167</u>
		<u>78,447,003</u>	<u>77,285,034</u>
<u>Non-Current Liabilities</u>			
Pension	4	1,381,000	4,795,000
Provision for Retirement Lump Sum Benefits	5	149,715,000	151,931,000
Provision for Vacation Leave	12	39,795,129	43,660,841
Deferred Taxation	15b	678,666	747,017
Amount due to Bond Holders	3d	<u>108,871,386</u>	<u>138,317,376</u>
		<u>300,441,181</u>	<u>339,451,234</u>
<u>CURRENT LIABILITIES</u>			
Creditors and Accruals	13	116,462,828	133,461,442
Amount Due to Bond Holders	3c	<u>29,445,990</u>	<u>29,445,990</u>
		<u>145,908,818</u>	<u>162,907,432</u>
TOTAL LIABILITIES & EQUITY		<u>\$524,797,002</u>	<u>\$579,643,700</u>

The notes on pages 7 to 19 form part of these financial statements.

On 21st February, 2017, the Board of Directors of National Maintenance Training and Security Company Limited authorized these financial statements for issue.

Director:  Director: 

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

ANNUAL ADMINISTRATIVE REPORT 2016

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED
31ST DECEMBER, 2016

	<u>NOTES</u>	<u>2016</u>	<u>2015</u>
Income from Operations	18	429,201,345	444,340,150
Rent		1,938,488	1,938,488
Interest Received		422,719	467,701
Other Income		18,900	70,328
(Loss) on Disposal of Fixed Assets		<u>(2,461)</u>	<u>(1,960)</u>
TOTAL INCOME		<u>431,578,991</u>	<u>446,814,707</u>
 <u>EXPENSES</u>			
Depreciation		1,555,082	2,185,424
Directors Fees and Allowances	16	422,070	338,626
Finance Charges	22	385,736	289,370
Operating Expenses	20	23,110,969	20,181,941
Staff and Salary Expenses	19	368,663,595	404,213,597
Supplies and Materials	21	<u>30,495,390</u>	<u>15,519,612</u>
TOTAL EXPENSES		<u>424,632,842</u>	<u>442,728,570</u>
PROFIT FOR THE YEAR BEFORE TAXATION		6,946,149	4,086,137
TAXATION (Note 17)		<u>(5,784,180)</u>	<u>(2,375,608)</u>
NET PROFIT FOR THE YEAR AFTER TAXATION		<u>\$1,161,969</u>	<u>\$1,710,529</u>

The notes on pages 7 to 19 form part of these financial statements.

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
ANNUAL ADMINISTRATIVE REPORT 2016

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
31ST DECEMBER, 2016

	<u>SHARE CAPITAL</u>	<u>REVALUATION RESERVE</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL</u>
Balance at 01.1.2016	3,000,000	19,777,867	54,507,167	77,285,034
Profit for the year	-	-	<u>1,161,969</u>	<u>1,161,969</u>
Balance at 31.12.2016	<u>\$3,000,000</u>	<u>\$19,777,867</u>	<u>\$55,669,136</u>	<u>\$78,447,003</u>
Balance at 01.1.2015	3,000,000	19,777,867	52,796,638	75,574,505
Profit for the year	-	-	<u>1,710,529</u>	<u>1,710,529</u>
Balance at 31.12.2015	<u>\$3,000,000</u>	<u>\$19,777,867</u>	<u>\$54,507,167</u>	<u>\$77,285,034</u>

The notes on pages 7 to 19 form part of these financial statements.

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

ANNUAL ADMINISTRATIVE REPORT 2016

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31ST DECEMBER, 2016

	<u>2016</u>	<u>2015</u>
<u>OPERATING ACTIVITIES</u>		
Profit for the year before Taxation	6,946,149	4,086,137
<u>Adjustments for Non-Cash Items:</u>		
Depreciation	1,555,082	2,185,424
Gain/ (Loss) on Disposal of Fixed Assets	<u>2,461</u>	<u>1,960</u>
Operating profit before working capital changes	<u>8,503,692</u>	<u>6,273,521</u>
<u>CHANGES IN WORKING CAPITAL</u>		
(Decrease)/Increase in Severance and Pensions	(5,630,000)	(642,000)
(Decrease)/Increase in Provision for Vacation Leave	(3,865,712)	9,199,115
Decrease/(Increase) in Receivables and Prepayments	4,253,626	(45,321,442)
(Increase)/Decrease in Inventories	(3,898,954)	542,291
(Increase)/Decrease in Trade Payables	(1,072,914)	(7,996,154)
(Decrease)/Increase in Other Creditors and Accruals	(15,925,700)	31,338,403
Cash provided by Operating Activities	(26,139,654)	(12,879,787)
Taxation Paid	(3,970,497)	(1,266,462)
	<u>(30,110,151)</u>	<u>(14,146,249)</u>
Net Cash flow from Operating Activities	<u>(21,606,459)</u>	<u>(7,872,728)</u>
<u>INVESTING ACTIVITIES</u>		
Acquisition of Fixed Assets	(690,842)	(1,102,478)
Disposal of Fixed Assets	<u>-</u>	<u>(1,960)</u>
Cash used by Investing Activities	<u>(690,842)</u>	<u>(1,104,438)</u>
<u>FINANCING ACTIVITIES</u>		
	<u>-</u>	<u>-</u>
Cash (used)/provided by Financing Activities	<u>-</u>	<u>-</u>
Net (Decrease) in cash Equivalent	(22,297,301)	(8,977,166)
Cash at 01.01.	<u>79,178,488</u>	<u>88,155,654</u>
Cash at 31.12.	<u>\$56,881,187</u>	<u>\$79,178,488</u>
<u>REPRESENTED BY:</u>		
Cash on Hand & at Banks	16,535,314	24,755,334
Investments	<u>40,345,873</u>	<u>54,423,154</u>
	<u>\$56,881,187</u>	<u>\$79,178,488</u>

The notes on pages 7 to 19 form part of these financial statements.

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

ANNUAL ADMINISTRATIVE REPORT 2016

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

1. INCORPORATION AND PRINCIPAL BUSINESS ACTIVITY

The company was incorporated under the Companies Act (1995) in the Republic of Trinidad and Tobago on 27th November, 1979. The registered office is MTS Plaza, Aranguez Main Road, Aranguez. 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 change was granted by the Registrar of Companies on 29th December, 1989.

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

2. ACCOUNTING POLICIES

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

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 Accounting Standards approved in Trinidad and Tobago.

The preparation of financial statements in conformity with International Financial Reporting Standard 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.

2.2 Inventories

Inventories are stated at the lower of cost and net realizable 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 realizable 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 realized gains and losses taken to the statement of comprehensive income.

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

ANNUAL ADMINISTRATIVE REPORT 2016

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

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2.5 **Leases**

For operating leases, lease payments are recognized 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 determined 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.

2.7 **Provisions**

Provisions are recognized 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 estimates of the amount of the obligation can be made.

2.8. **Cash and Cash Equivalents**

For the purpose of the cash flow statements, cash and cash equivalents are cash in hand, deposits held at bank, and short terms cash investments.

2.9. **Foreign Currencies**

The 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 are disclosed in the statement of comprehensive income.

2.10 **Borrowings**

Borrowings are recognized initially at cost, being their issue cost net of transaction costs incurred. Subsequently, borrowings are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the statement of financial position. Profit and losses are disclosed in the statement of comprehensive income.

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

ANNUAL ADMINISTRATIVE REPORT 2016

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2016
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2.11 Plant, Property and Equipment

Fixed assets are stated at cost. Depreciation is provided for on the Reducing Balance Basis at rates sufficient to write off the assets over their estimated useful lives. Rates used are as follows:

Furniture & Fittings	10%
Office Equipment	25%
Plant, Machinery & Equipment	33.3%
Motor Vehicles	25%
Computer Equipment	25%
Fire Arms	33.3%
Land	-
Building	2.5%

2.12 Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets 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 impairment are reviewed for possible reversal of the impairment at each reporting date.

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 un-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 recommendations of independent qualified actuaries.

2.14 Current and Deferred Taxes

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

The current tax charge is calculated on the basis of the tax laws enacted or substantially 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.

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

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NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2016

CONTINUED.....

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

2.15 **Comparative Information**

Comparative figures have been adjusted in conformity with changes in presentation for the current year where necessary.

2.16 **Financial Risk Management**

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow and 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 rates.

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.

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

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NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 31ST DECEMBER, 2016

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2.18 **Fair Value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction.

2.19 **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

3. **AMOUNTS DUE FROM THE GOVERNMENT OF TRINIDAD AND TOBAGO** **2016** **2015**

BONDS

1.	Citicorp Merchant Bank	31,266,094	40,199,264
2.	Unit Trust Corporation of T&T	57,692,308	69,230,769
3.	Unit Trust Corporation of T&T	<u>49,358,974</u>	<u>58,333,333</u>

TOTAL BONDS **\$138,317,376** **\$167,763,366**

REPRESENTED BY:

Current portion due from the Government of Trinidad and Tobago	3(a)	29,445,990	29,445,990
Long term portion due from the Government of Trinidad and Tobago	3(b)	<u>108,871,386</u>	<u>138,317,376</u>
		<u>\$138,317,376</u>	<u>\$167,763,366</u>

The Company's legal obligations with regards to these bonds are as follows:

Current Portion due to bond holders	3(c)	29,445,990	29,445,990
Long Term Portion due to bond holders	3(d)	<u>108,871,386</u>	<u>138,317,376</u>
Net defined liability		<u>\$138,317,376</u>	<u>\$167,763,366</u>

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

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NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
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1. \$174.1 million issued by CitiCorp Merchant Bank Limited on the 15th June, 2000 in favour of National Maintenance Training and Security Company Ltd (MTS) to be used for the construction of ten Secondary Schools under the first phase of the Secondary Education Modernization Programme (SEMP Phase 1) and extends for twenty years. These 11.75% Bonds 2000-2020 are guaranteed by the Government of Trinidad and Tobago.
2. \$225.0 million issued by the Unit Trust Corporation of Trinidad and 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 construction of twelve (12) secondary schools under the phase of the Secondary Education Modernization 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.
3. \$175.0 million issued by the Unit Trust Corporation of Trinidad and Tobago Limited as a second tranche on the 16th November, 2001 in favour of National Maintenance Training and Security Co. Ltd (MTS) to be used for construction of twelve (12) secondary schools under the phase of the Secondary Education Modernization Programme (SEMP Phase 2) and extends for twenty years. This bond issued as Series 1-10.15%. Fixed Rate Bonds 2002-2022 under a guarantee from the Government of Trinidad and Tobago.

4.	<u>PENSIONS</u>	<u>2016</u>	<u>2015</u>
	<u>Non - Current Liability</u>	<u>\$1,381,000</u>	<u>\$4,795,000</u>

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

<u>MTS PENSION FUND PLAN</u>	<u>2016</u>	<u>2015</u>
<u>Non - Current Liability</u>		
Defined Benefit Obligation	42,023,000	44,041,000
Fair Value of Assets	(40,642,000)	(39,246,000)
Net defined liability	<u>\$1,381,000</u>	<u>\$4,795,000</u>

Movement in Asset Recognized in the Statement of Financial Position

<u>Non - Current Liability</u>	<u>2016</u>	<u>2015</u>
Defined benefit asset as at 1 st January	4,795,000	5,828,000
Experience Gain	(3,542,000)	(1,319,000)
Plus net pension cost	1,820,000	2,156,000
Less: Company Contributions Paid	(1,692,000)	(1,870,000)
Defined Benefit liability as at 31 st December	<u>\$1,381,000</u>	<u>\$4,795,000</u>

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NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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The amounts to be recognized in the Statement of Comprehensive income are as follows:

	<u>2016</u>	<u>2015</u>
Current Service Cost	1,558,000	1,868,000
Interest on Defined Benefit Obligation	170,000	188,000
Amortized net Loss	<u>92,000</u>	<u>100,000</u>
Net Pension Cost	<u>\$1,820,000</u>	<u>\$2,156,000</u>
Actual Return on Plan Assets	<u>2.135</u>	<u>.886</u>

5. **PROVISION FOR TERMINATION LUMP SUM BENEFIT** **2016** **2015**

Provision for termination lump sum benefit	\$ <u>149,715,000</u>	\$ <u>151,931,000</u>
Company unfunded termination lump sum benefit arrangement		
Defined Benefit Obligation	<u>\$149,715,000</u>	<u>\$151,931,000</u>

Movement in the Liability recognized in the Statement of Financial Position

	<u>2016</u>	<u>2015</u>
Defined benefit as at 1 st January	151,931,000	151,540,000
Plus Termination benefit net cost	<u>(2,216,000)</u>	<u>391,000</u>
Defined Benefit Asset as at 31 st December	<u>\$149,715,000)</u>	<u>\$151,931,000</u>

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

Current Service Cost	\$(<u>2,216,000</u>)	\$ <u>391,000</u>
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NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
ANNUAL ADMINISTRATIVE REPORT 2016

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
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6. PROPERTY, PLANT AND EQUIPMENT

	<u>FURNITURE & FITTINGS</u>	<u>OFFICE EQUIPMENT</u>	<u>PLANT & EQUIPMENT</u>	<u>VEHICLES</u>	<u>COMPUTER EQUIPMENT</u>	<u>FIRE ARMS</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>TOTAL</u>
<u>Original Costs</u>									
Cost at 31.12.15	3,206,443	3,727,340	16,277,859	4,847,083	4,594,673	1,546,859	21,823,838	8,176,163	64,200,258
Additions	23,564	2,988	358,447	234,990	-	5,500	-	-	625,488
Disposals	-	-	-	-	-	-	-	-	-
Cost at 31.12.16	<u>\$3,230,007</u>	<u>\$3,730,328</u>	<u>\$16,636,306</u>	<u>\$5,082,073</u>	<u>\$4,594,673</u>	<u>\$1,552,359</u>	<u>\$21,823,838</u>	<u>\$8,176,163</u>	<u>\$64,825,747</u>

ACCUMULATED DEPRECIATION

Bal b/f 31.12.15	(2,439,614)	(3,570,438)	(14,353,089)	(3,598,314)	(3,890,718)	(1,420,372)	-	(5,050,265)	(34,322,810)
Charge for the Year	(84,326)	(31,973)	(724,078)	(343,278)	(210,890)	(34,656)	-	(125,881)	(1,555,082)
DISPOSALS	-	4,279	58,611	-	-	-	-	-	62,890
AS AT 31.12.16	<u>\$(2,523,940)</u>	<u>\$(3,598,132)</u>	<u>\$(15,018,556)</u>	<u>\$(3,941,592)</u>	<u>\$(4,101,608)</u>	<u>\$(1,455,028)</u>	<u>\$-</u>	<u>\$(5,176,146)</u>	<u>\$(35,815,002)</u>

NET BOOK VALUE

AS AT 31.12.16	\$706,067	\$132,196	\$1,617,750	\$1,140,481	\$493,065	\$97,331	\$21,823,838	\$3,000,017	\$29,010,745
AS AT 31.12.15	<u>\$766,829</u>	<u>\$156,902</u>	<u>\$1,924,770</u>	<u>\$1,248,769</u>	<u>\$703,955</u>	<u>\$126,487</u>	<u>\$21,823,838</u>	<u>\$3,125,898</u>	<u>\$29,877,448</u>

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
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NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED
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7.	<u>INVENTORY</u>	<u>2016</u>	<u>2015</u>
	Electronics Security	574,822	388,088
	Raw Materials and Consumables	9,724,567	6,012,347
	LESS: Provision for Obsolescence	(380,539)	(380,539)
		<u>\$9,918,850</u>	<u>\$6,019,896</u>
8.	<u>DEBTORS AND PREPAYMENTS</u>	<u>2016</u>	<u>2015</u>
	Trade Debtors	249,148,252	224,702,735
	Provision for Bad Debts	(34,412,134)	(34,412,134)
	Prepayments and Other Receivables	71,916,264	100,615,406
		<u>\$286,652,382</u>	<u>\$290,906,007</u>
9.	<u>SHORT TERM INVESTMENTS</u>	<u>2016</u>	<u>2015</u>
	Unit Trust Corporation	11,814,632	11,691,375
	FCB Abercrombie Fund	28,531,241	42,731,779
		<u>\$40,345,873</u>	<u>\$54,423,154</u>
10.	<u>CASH AND CASH AT BANK</u>	<u>2016</u>	<u>2015</u>
	Petty Cash Floats	102,500	102,501
	First Citizens Bank Limited	73,827	73,827
	Republic Bank Limited – Current Account	15,014,958	21,563,261
	Republic Bank Limited – SEMP	45,538	46,069
	Republic Bank Limited – Payroll	43,746	43,917
	Scotia Bank T&T Limited – Fleet	408,655	903,785
	Scotia Bank T&T Limited	846,090	2,021,974
		<u>\$16,535,314</u>	<u>\$24,755,334</u>
11.	<u>SHARE CAPITAL</u>	<u>2016</u>	<u>2015</u>
	<u>AUTHORIZED</u>		
	Unlimited Ordinary Shares	\$ _____	\$ _____
	<u>ISSUED AND FULLY PAID</u>		
	3,000,000 Ordinary Shares	<u>\$3,000,000</u>	<u>\$3,000,000</u>

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12.	<u>PROVISION FOR VACATION LEAVE</u>	<u>2016</u>	<u>2015</u>
	Provision for Vacation Leave	\$39,795,129	\$43,660,841

13.	<u>CREDITORS AND ACCRUALS</u>	<u>2016</u>	<u>2015</u>
	Trade Creditors	945,109	7,147,881
	Accruals	80,394,139	90,112,946
	Provisions	2,386,993	1,901,938
	Projects	29,798,181	30,428,671
	Vat	<u>2,938,406</u>	<u>3,870,006</u>
		<u>\$116,462,828</u>	<u>\$133,461,442</u>

14.	<u>REVALUATION RESERVE</u>	<u>2016</u>	<u>2015</u>
	Revaluation Reserve	\$19,777,867	\$19,777,867

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 31st December, 2012.

15.	<u>DEFERRED TAXATION</u>	<u>2016</u>	<u>2015</u>
	a) <u>Deferred Tax Asset</u>		
	Brought Forward	5,898,496	7,217,693
	Amount utilized during the Year (Note 17)	(1,882,034)	(1,319,197)
	Balance Carried Forward	<u>\$4,016,462</u>	<u>\$5,898,496</u>
	b) <u>Deferred Tax Liability</u>		
	Balance Brought Forward	747,017	1,056,459
	Charge to Statement of Comprehensive Income (Note 17)	(68,351)	(309,442)
	Balance Carried Forward	<u>\$678,666</u>	<u>\$747,017</u>

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16.	<u>RELATED PARTIES</u>	<u>2016</u>	<u>2015</u>
	Directors' Compensation	\$ <u>422,070</u>	\$ <u>338,626</u>
	<u>Key Management Compensation</u>		
	Salaries and Other Short Term Benefits	3,162,000	3,015,161
	Post-Employment Benefits	<u>357,033</u>	<u>364,711</u>
		<u>\$3,519,033</u>	<u>\$3,379,872</u>

17.	<u>TAXATION</u>	<u>2016</u>	<u>2015</u>
	Business Levy	2,671,717	910,570
	Green Fund Levy	1,298,780	455,285
	Deferred Tax Asset	1,882,034	1,319,196
	Deferred Tax Charge	<u>(68,351)</u>	<u>(309,443)</u>
	Provision for Taxation	<u>\$5,784,180</u>	<u>\$2,375,608</u>
	Profit before Taxation	6,946,149	4,086,137
	Expenses not deductible for Tax	1,800,796	2,583,820
	Income/Allowances subject to Tax	<u>(1,218,811)</u>	<u>(1,393,172)</u>
	Taxable Profit for the Year	<u>7,528,134</u>	<u>5,276,785</u>
	Tax Calculated at 25%	<u>\$1,882,034</u>	<u>\$1,319,196</u>
	Corporation Tax Loss B/F	23,593,987	28,870,772
	Tax Loss Utilized for the Year	<u>(7,528,134)</u>	<u>(5,276,785)</u>
	Corporation Tax Loss C/F	<u>\$16,065,853</u>	<u>\$23,593,987</u>

The Company has taxation losses available for set off against future profits amounting to approximately \$16,065,853. These losses have not yet been agreed by the Board of Inland Revenue.

18.	<u>INCOME FROM OPERATIONS</u>	<u>2016</u>	<u>2015</u>
	Agriculture	8,362,197	8,001,693
	Engineering	1,649,991	6,107,845
	Janitorial & Maintenance	214,598,576	172,793,363
	Security	181,316,404	233,775,649
	Technical	<u>23,274,177</u>	<u>23,661,600</u>
		<u>\$429,201,345</u>	<u>\$444,340,150</u>

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19.	<u>STAFF AND SALARY EXPENSES</u>	<u>2016</u>	<u>2015</u>
	Casual Labour	248,311	141,553
	Dental & Vision	136,079	(165,402)
	Group Life	95,366	93,785
	Health Plan Employer's Contribution	633,244	877,654
	Interest Subsidy – Loan Employee	41,187	41,825
	Local Travel Expenses	84,694	11,684
	Meal Allowance	-	375
	Medical Expenses	663,613	937,250
	NIS Employer's Contribution	28,367,991	26,965,738
	Pension Plan	2,169,577	1,853,196
	Salaries – Monthly	19,758,602	14,364,553
	Staff Welfare	698,570	404,293
	Wages – Forth-nightly	<u>315,766,361</u>	<u>358,687,093</u>
		<u>\$368,663,595</u>	<u>\$404,213,597</u>
20.	<u>OPERATING EXPENSES</u>	<u>2016</u>	<u>2015</u>
	Accommodation	148,427	46,308
	Air Travel	81,330	106,556
	Canine	3,120,977	2,439,471
	Consumable Tools	61,492	130,020
	Software License Fees	36,027	143,011
	Electricity	1,084,561	1,024,889
	Equipment – small items	5,497	-
	Firearm/Gun Lodging	136,990	225,570
	Identification Cards	-	55,000
	Insurance	2,455,597	2,058,890
	Legal & Professional Fees	1,268,002	866,881
	Motor Vehicle Expenses	1,015,045	997,868
	Other Security Service- Sub Contract	-	2,640
	Office Expenses	64,239	540,760
	Public Relations	2,862,807	2,408,499
	Rent	7,117,121	6,861,118
	Telephone/Fax	1,066,099	930,533
	Tenders	23,863	(6,800)
	Training	2,463,095	1,209,774
	Transportation	38,153	79,747
	Water Rates	<u>61,647</u>	<u>61,205</u>
	TOTAL OPERATING EXPENSES	<u>\$23,110,969</u>	<u>\$20,181,941</u>

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21.	<u>SUPPLIES AND MATERIALS</u>	<u>2016</u>	<u>2015</u>
	Consumables	12,849,782	6,800,227
	Maintenance and Repairs	12,372,062	5,921,326
	Supplies	<u>5,273,546</u>	<u>2,798,059</u>
		<u>\$30,495,390</u>	<u>\$15,519,612</u>

22.	<u>FINANCE CHARGES</u>	<u>2016</u>	<u>2015</u>
	Bank Charges	360,736	238,370
	Fees on Bond Issues	<u>25,000</u>	<u>51,000</u>
		<u>\$385,736</u>	<u>\$289,370</u>

23.	<u>SUBSEQUENT EVENTS</u>	<u>2016</u>	<u>2015</u>
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The company is in the process of wage negotiations with various unions which represent the employees and cover the years 2011 to 2016. These negotiations are guided by instructions from the Chief Personnel Officer. No increase rates have been proposed by the company to date as they are awaiting instruction. Since the current negotiations are not yet finalized, the quantum of the increase, if any, cannot be determined. It is expected that the Government will fund any backpay which may arise on the completion of the wage negotiations.

24.	<u>CONTINGENT LIABILITIES</u>	<u>2016</u>	<u>2015</u>
	Performance Bonds	<u>\$524,544</u>	<u>\$233,455</u>
	Litigation Matters	<u>\$2,386,993</u>	<u>\$1,901,938</u>