

**NATIONAL MAINTENANCE TRAINING
AND SECURITY COMPANY LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2014

**REPORT OF THE AUDITORS' TO THE SHAREHOLDERS 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 of December 31, 2014 and the statement of comprehensive income, the statement of changes in shareholders' equity and reserves and 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 and the fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation 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

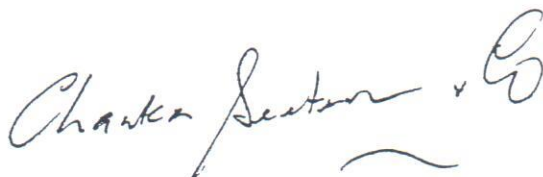
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 accompanying financial statements present fairly, in all material respects the financial position of National Maintenance Training and Security Company Limited as of December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



**Chartered Accountants
F.S.S. House
123 Eastern Main Road
ST. AUGUSTINE**

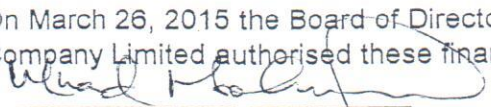
March 27, 2015

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

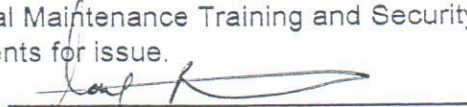
ASSETS	Notes	2014	2013
Non-Current Assets			
FIXED ASSETS			
Property, plant and equipment	11	31,059,785	32,114,722
Other Non-Current Assets			
Amounts receivable from GORTT	3	167,763,366	197,209,356
Deferred taxation	14a	7,217,692	8,964,788
		<u>174,981,058</u>	<u>206,174,144</u>
Total Non-Current Assets		<u>206,040,843</u>	<u>238,288,866</u>
Current Assets			
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
		<u>369,748,398</u>	<u>310,141,084</u>
Total Assets		<u><u>575,789,241</u></u>	<u><u>548,429,950</u></u>
EQUITY AND LIABILITIES			
Capital and Reserves			
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
		<u>75,574,505</u>	<u>70,989,100</u>
Non-Current Liabilities			
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
		<u>360,649,553</u>	<u>373,118,099</u>
Current Liabilities			
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
		<u>139,565,183</u>	<u>104,322,751</u>
Total Equity and Liabilities		<u><u>575,789,241</u></u>	<u><u>548,429,950</u></u>

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

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

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

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

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
Year ended December 31, 2014				
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>
Year ended December 31, 2013				
Balance as at January 1, 2013	3,000,000	19,777,867	77,757,119	100,534,986
Prior year adjustment pensions (Note 4)	-	-	(13,666,000)	(13,666,000)
Prior year adjustment termination benefits (Note 5)	-	-	(37,146,786)	(37,146,786)
Prior year adjustment for deferred taxation (Note 14a)	-	-	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

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

	2014	2013
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	(410,638)	(480,045)
Operating profit before working capital changes	<u>7,970,040</u>	<u>(35,290,552)</u>
Changes in Working Capital		
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	36,255,181	(19,326,363)
Cash used in operations	<u>1,043,901</u>	<u>(42,902,448)</u>
Taxation paid	(1,224,214)	(6,265,881)
Net cash outflow from operating activities	<u>(180,313)</u>	<u>(49,168,329)</u>
Cash flows from Investing Activities:		
Purchase of property, plant and equipment	(1,393,564)	(2,204,677)
Disposal of property, plant and equipment	507,000	748,938
Net cash outflow from investing activities	<u>(886,564)</u>	<u>(1,455,739)</u>
Net decrease in cash	(1,066,877)	(50,624,068)
Cash at beginning of the year	<u>89,222,530</u>	<u>139,846,598</u>
Cash at end of the year	<u><u>88,155,653</u></u>	<u><u>89,222,530</u></u>
Represented by:		
Cash on hand and at banks	34,253,013	35,877,101
Investments	53,902,640	53,345,429
	<u><u>88,155,653</u></u>	<u><u>89,222,530</u></u>

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

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

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

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

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

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

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

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

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

	2014	2013
Non Current Assets		
Amounts receivable from GORTT	<u>167,763,366</u>	<u>197,209,356</u>
Current Assets		
Amounts receivable from GORTT	<u>29,445,990</u>	<u>29,445,990</u>
	<u>197,209,356</u>	<u>226,655,346</u>
Non Current Liabilities		
Amounts due to Bond Holders	<u>167,763,366</u>	<u>197,209,356</u>
Current Liabilities		
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	8,974,359	67,307,692	76,282,051
	<u>29,445,990</u>	<u>197,209,356</u>	<u>226,655,346</u>

- \$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.
- \$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

**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.

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

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:

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

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

	2014	2013
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	(1,939,000)	(1,703,000)
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:

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

Actual Return on Plan Assets	<u>0.902</u>	<u>3.845</u>
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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)**

	2014	2013
5. Provision for Termination Lump Sum Benefit		
Provision for termination lump sum benefit	<u>151,540,000</u>	<u>144,288,000</u>
Company unfunded termination lump sum benefit arrangement		
	2014	2013
Defined Benefit Obligation	<u><u>151,540,000</u></u>	<u><u>144,288,000</u></u>
Movement in the Liability recognised in the Statement of Financial Position:		
	2014	2013
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><u>151,540,000</u></u>	<u><u>144,288,000</u></u>
The amounts recognised in the Statement of Comprehensive Income are as follows:		
	2014	2013
Current service cost	<u><u>7,252,000</u></u>	<u><u>7,925,000</u></u>
6. Investments	2014	2013
Unit Trust Corporation	11,585,217	11,480,022
First Citizens Bank Limited	42,317,423	41,865,407
	<u><u>53,902,640</u></u>	<u><u>53,345,429</u></u>

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)

	2014	2013
7. Inventories		
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>
8. Trade Debtors	2014	2013
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>
8a. Sundry Receivable and Prepayments	2014	2013
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>
9. Cash In Hand and At Banks	2014	2013
Petty Cash Floats	106,500	103,000
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>
TOTAL	<u>34,253,013</u>	<u>35,877,101</u>
10. Other Creditors and Accruals	2014	2013
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>

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
Cost/Revaluation									
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	-	-	-	1,393,584
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
Accumulated Depreciation									
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
Net Book Value									
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
Cost/Revaluation									
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
Accumulated Depreciation									
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
Net Book Value									
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

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

12. Stated Capital	2014	2013
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		
<p>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.</p>		
14. Deferred Taxation	2014	2013
a) Deferred Tax Asset		
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>
15. Related Parties	2014	2013
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

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

16. Income	2014	2013
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
Total Income	<u><u>453,534,470</u></u>	<u><u>413,174,085</u></u>

17. Salaries and Staff Expenses	2014	2013
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
Total Salaries and Staff Expenses	<u><u>389,352,956</u></u>	<u><u>347,119,912</u></u>

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)

18. Operating Expenses	2014	2013
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)
Total Operating Expenses	<u><u>27,867,335</u></u>	<u><u>22,453,022</u></u>

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)

19. Supplies and Materials	2014	2013
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>
20. Finance Charges	2014	2013
Bank charges	339,192	286,575
Fees on Bonds	35,000	10,000
Total Finance / Interest Charges	<u>374,192</u>	<u>296,575</u>
21. Taxation	2014	2013
Corporation Tax (Note 14)	1,747,096	3,738,408
Deferred tax asset	(1,747,096)	(3,738,408)
Business Levy and Green Fund Tax Liability Charge (Note 14)	1,366,420	1,245,339
	68,970	188,556
	<u>1,435,390</u>	<u>1,433,895</u>
TOTAL	<u>1,435,390</u>	<u>1,433,895</u>
Profit before taxation	<u>6,020,795</u>	<u>13,736,007</u>
Tax calculated at 25%	1,505,199	3,434,002
Expenses not deductible for tax	678,735	808,892
Income/allowances subject to tax	(436,837)	(504,486)
	<u>1,747,097</u>	<u>3,738,408</u>
Tax loss utilised	<u>(3,738,408)</u>	<u>(3,738,408)</u>
	-	-
Business and Green Fund Levy	1,366,420	1,245,339
Deferred tax adjustment	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

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

	2014	2013
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.