

# *Shaffick Hosein & Company*

Chartered Accountants  
and  
Forensic Certified Public Accountants

---

---

**NATIONAL MAINTENANCE TRAINING  
AND  
SECURITY COMPANY LIMITED  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31<sup>ST</sup> DECEMBER, 2017**

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED**  
**31<sup>ST</sup> DECEMBER, 2017**

	<u>NOTES</u>	<u>2017</u>	<u>2016</u>
Income from Operations	18	490,217,152	429,201,345
Rent		1,655,978	1,938,488
Interest Received		386,984	422,719
Other Income		3,585	18,900
Gain/(Loss) on Disposal of Fixed Assets		<u>608</u>	<u>(2,461)</u>
<b>TOTAL INCOME</b>		<u><b>492,264,307</b></u>	<u><b>431,578,991</b></u>
<b><u>EXPENSES</u></b>			
Depreciation	6	1,427,454	1,555,082
Directors Fees and Allowances	16	459,000	422,070
Staff and Salary Expenses	19	411,594,405	368,663,595
Operating Expenses	20	24,329,190	23,110,969
Bad Debts	21	14,354,281	-
Supplies and Materials	22	30,971,998	30,495,390
Finance Charges	23	<u>679,179</u>	<u>385,736</u>
<b>TOTAL EXPENSES</b>		<u><b>483,815,507</b></u>	<u><b>424,632,842</b></u>
<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>		8,448,800	6,946,149
<b>TAXATION (Note 17)</b>		<u><b>(6,695,944)</b></u>	<u><b>(5,784,180)</b></u>
<b>NET PROFIT FOR THE YEAR AFTER TAXATION</b>		<u><b>S1,752,856</b></u>	<u><b>S1,161,969</b></u>

The notes on pages 6 to 19 form part of these financial statements.

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED**  
**31<sup>ST</sup> DECEMBER, 2017**

	<u>SHARE CAPITAL</u>	<u>REVALUATION RESERVE</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL</u>
Balance at 01.1.2017	3,000,000	19,777,867	55,669,136	78,447,003
Profit for the Year	—	—	<u>1,752,856</u>	<u>1,752,856</u>
Balance at 31.12.2017	<u>\$3,000,000</u>	<u>\$19,777,867</u>	<u>\$57,421,992</u>	<u>\$80,199,859</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>

The notes on pages 6 to 19 form part of these financial statements.

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31<sup>ST</sup> DECEMBER, 2017

<u>CONTENTS</u>	<u>PAGES</u>
AUDITORS' REPORT	1a-1b
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6-19

# 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  
Fax: 1-868-653-3484

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

Report on the Financial Statements

### Opinion

We have audited the financial statements of National Maintenance Training and Security Company Limited which comprise the statement of financial position as at 31<sup>st</sup> December, 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 at 31<sup>st</sup> December, 2017 and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (\*IFRS\*).

### Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (\*ISAs\*). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethical Standards Board for Accountants Code of Ethics for Professional accountants (\*IESBA Code\*), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

1a.

## Auditors' Responsibilities for the Audit of the Financial Statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

54 Jarvis Street,  
Vistabella.  
22<sup>nd</sup> February, 2018.



SHAFFICK HOSEIN & CO  
CHARTERED ACCOUNTANTS  
AND  
FORENSIC CERTIFIED PUBLIC ACCOUNTANTS

1b.

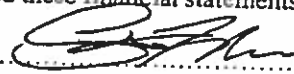
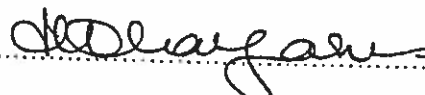
SHAFFICK HOSEIN & Co  
Chartered Accountants and  
Forensic Certified Public Accountants  
BEC (MORISU) II, FBAC (ANL), MBAC (ANI), MBAC (U S A),  
AMWIC (A), MBIC (U S A), CAM (CAN), CFC (CAN), FCCA (U S A),  
CATA (U S A), PHD (U S A), LL.M (U S A) - CORPORATE & COMMERCIAL  
LAW, CPA (U S A) - FORENSIC CERTIFIED PUBLIC ACCOUNTANTS  
Ph: 868-652-0106, 652-6667  
Cell: 868-661-4613, Fax: 868-652-1484

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED  
 STATEMENT OF FINANCIAL POSITION  
 FOR THE YEAR ENDED  
 31<sup>ST</sup> DECEMBER, 2017

<u>ASSETS</u>	<u>NOTES</u>	<u>2017</u>	<u>2016</u>
<u>Non - Current Assets</u>			
<u>FIXED ASSETS</u>			
Property, Plant and Equipment	6	<u>28,253,331</u>	<u>29,010,745</u>
<u>Other Non-Current Assets</u>			
Amounts receivable from GORTT	3b	79,425,396	108,871,386
Deferred Taxation	15a	<u>1,294,723</u>	<u>4,016,462</u>
		<u>80,720,119</u>	<u>112,887,848</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>108,973,450</u></b>	<b><u>141,898,593</u></b>
<u>CURRENT ASSETS</u>			
Inventories	7	8,856,169	9,918,850
Debtors and Prepayments	8	420,382,634	286,652,382
Amounts Receivable from GORTT	3a	29,445,990	29,445,990
Short Term Investments	9	32,732,858	40,345,873
Cash on Hand and at Banks	10	<u>375,021</u>	<u>16,535,314</u>
		<u>491,792,672</u>	<u>382,898,409</u>
<b>TOTAL ASSETS</b>		<b><u>\$600,766,122</u></b>	<b><u>\$524,797,002</u></b>
<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>57,421,992</u>	<u>55,669,136</u>
		<u>80,199,859</u>	<u>78,447,003</u>
<u>Non-Current Liabilities</u>			
Pension	4	2,595,000	1,381,000
Provision for Retirement Lump Sum Benefits	5	165,610,000	149,715,000
Provision for Vacation Leave	12	46,264,477	39,795,129
Deferred Taxation	15b	724,863	678,666
Amount due to Bond Holders	3d	<u>79,425,396</u>	<u>108,871,386</u>
		<u>294,619,736</u>	<u>300,441,181</u>
<u>CURRENT LIABILITIES</u>			
Bank Overdraft	10(b)	7,057,024	-
Creditors and Accruals	13	189,443,513	116,462,828
Amount Due to Bond Holders	3c	<u>29,445,990</u>	<u>29,445,990</u>
		<u>225,946,527</u>	<u>145,908,818</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b><u>\$600,766,122</u></b>	<b><u>\$524,797,002</u></b>

The notes on pages 6 to 19 form part of these financial statements.

On 22<sup>nd</sup> February, 2018, 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**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED**  
**31<sup>ST</sup> DECEMBER, 2017**

	<u>2017</u>	<u>2016</u>
<b><u>OPERATING ACTIVITIES</u></b>		
Profit for the year before Taxation	8,448,800	6,946,149
<b><u>Adjustments for Non-Cash Items:</u></b>		
Depreciation	1,427,454	1,555,082
Gain/(Loss) on Disposal of Fixed Assets	( 608)	2,461
Operating profit before working capital changes	<u>9,875,646</u>	<u>8,503,692</u>
<b><u>CHANGES IN WORKING CAPITAL</u></b>		
Increase/(Decrease) in Severance and Pensions	17,109,000	(5,630,000)
Increase/(Decrease) in Provision for Vacation Leave	6,469,348	(3,865,712)
(Increase)/Decrease in Receivables and Prepayments	(133,730,252)	4,253,626
Decrease/(Increase) in Inventories	1,062,681	(3,898,954)
Decrease/(Increase) in Trade Payables	844,677	(1,072,914)
Increase/(Decrease) in Other Creditors and Accruals	<u>72,136,008</u>	<u>(15,925,700)</u>
Cash provided by Operating Activities	(36,108,538)	(26,139,654)
Taxation Paid	<u>(3,928,008)</u>	<u>(3,970,497)</u>
	<u>(40,036,546)</u>	<u>(30,110,151)</u>
Net Cash flow from Operating Activities	<u>(30,160,900)</u>	<u>(21,606,459)</u>
<b><u>INVESTING ACTIVITIES</u></b>		
Disposal of Fixed Assets	740	-
Acquisition of Fixed Assets	(670,172)	(690,842)
Cash used by Investing Activities	<u>(669,432)</u>	<u>(690,842)</u>
<b><u>FINANCING ACTIVITIES</u></b>		
Cash (used)/provided by Financing Activities	-	-
Net (Decrease) in Cash Equivalent	(30,830,332)	(22,297,301)
Cash at 01.01.	<u>56,881,187</u>	<u>79,178,488</u>
Cash at 31.12.	<u>\$26,050,855</u>	<u>\$56,881,187</u>
<b><u>REPRESENTED BY:</u></b>		
Bank Overdraft	(7,057,024)	-
Cash on Hand & at Banks	375,021	16,535,314
Investments	<u>32,732,858</u>	<u>40,345,873</u>
	<u>\$26,050,855</u>	<u>\$56,881,187</u>

The notes on pages 6 to 19 form part of these financial statements.



**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31<sup>ST</sup> DECEMBER, 2017**

**1. INCORPORATION AND PRINCIPAL BUSINESS ACTIVITY**

The company was incorporated under the Companies Act (1995) in the Republic of Trinidad and Tobago on 27<sup>th</sup> 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 29<sup>th</sup> 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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31<sup>ST</sup> DECEMBER, 2017**

CONTINUED.....

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 comprehensive income over the period of the borrowings using effective interest method.

2.11 **Critical Accounting Estimates and Judgements**

The Company's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgements, which necessarily have to be made in the

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31<sup>ST</sup> DECEMBER, 2017**

CONTINUED.....

course of preparation of the financial statements.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and assumptions are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and management's judgements for certain items are especially critical for the Company's results and financial situation due to their materiality.

**2.12 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 & Equipment	33.3%
Motor Vehicles	25%
Computer Equipment	25%
Fire Arms	33.3%
Land	-
Buildings	2.5%

**2.13 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 add 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.

**2.14 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.

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31<sup>ST</sup> DECEMBER, 2017**

CONTINUED.....

**2.15 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.

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.

**2.16 Comparative Information**

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

**2.17 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.

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31<sup>ST</sup> DECEMBER, 2017**

CONTINUED.....

**(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.

**2.18 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.

**2.19 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.

**2.20 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  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED  
 31<sup>ST</sup> DECEMBER, 2017

CONTINUED.....

3. AMOUNTS DUE FROM THE GOVERNMENT OF TRINIDAD AND TOBAGO 2017 2016

BONDS

	1. Citicorp Merchant Bank	22,332,925	31,266,094
	2. Unit Trust Corporation of T&T	46,153,846	57,692,308
	3. Unit Trust Corporation of T&T	<u>40,384,615</u>	<u>49,358,974</u>

**TOTAL BONDS** \$108,871,386 \$138,317,376

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) 79,425,396 108,871,386  
\$108,871,386 \$138,317,376

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>79,425,396</u>	<u>108,871,386</u>
Net defined liability	<u>\$108,871,386</u>	<u>\$138,317,376</u>

\$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.

1. \$225.0 million issued by the Unit Trust Corporation of Trinidad and Tobago Limited as a first tranche on the 16<sup>th</sup> 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.

2. \$175.0 million issued by the unit Trust Corporation of Trinidad and Tobago Limited as a second tranche on the 16<sup>th</sup> 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.

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED  
 31<sup>ST</sup> DECEMBER, 2017

CONTINUED.....

4.	<u>PENSIONS</u>	<u>2017</u>	<u>2016</u>
	<u>Non - Current Liability</u>	<u>\$2,595,000</u>	<u>\$1,381,000</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>2017</u>	<u>2016</u>
	<u>Non - Current Liability</u>		
	Defined Benefit Obligation	42,921,000	42,023,000
	Fair Value of Assets	(40,326,000)	(40,642,000)
	Net defined liability	<u>\$2,595,000</u>	<u>\$1,381,000</u>

Movement in Asset Recognized in the Statement of Financial Position

	<u>Non - Current Liability</u>	<u>2017</u>	<u>2016</u>
	Defined benefit asset as at 1 <sup>st</sup> January	1,381,000	4,795,000
	Experience Gain	1,364,000	(3,542,000)
	Plus net pension cost	1,473,000	1,820,000
	Less: Company Contributions Paid	(1,623,000)	(1,692,000)
	Defined Benefit liability as at 31 <sup>st</sup> December	<u>\$2,595,000</u>	<u>\$1,381,000</u>

The amounts to be recognized in the Statement of Comprehensive income are as follows:

	<u>2017</u>	<u>2016</u>
Current Service Cost	1,365,000	1,558,000
Interest on Defined Benefit Obligation	20,000	170,000
Amortized net Loss	<u>88,000</u>	<u>92,000</u>
Net Pension Cost	<u>\$1,473,000</u>	<u>\$1,820,000</u>
Actual Return on Plan Assets	<u>0.792</u>	<u>2.135</u>

5.	<u>PROVISION FOR TERMINATION LUMP SUM BENEFITS</u>	<u>2017</u>	<u>2016</u>
	Provision for termination lump sum benefit	<u>\$165,610,000</u>	<u>\$149,715,000</u>
	Company unfunded termination lump sum benefit arrangement		
	Defined Benefit Obligation	<u>\$165,610,000</u>	<u>\$149,715,000</u>

Movement in the Liability recognized in the Statement of Financial Position

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
 31<sup>ST</sup> DECEMBER, 2017

CONTINUED.....

	<u>2017</u>	<u>2016</u>
Defined benefit as at 1 <sup>st</sup> January	149,715,000	151,931,000
Plus Termination benefit net cost	<u>15,895,000</u>	<u>(2,216,000)</u>
Defined Benefit Asset as at 31 <sup>st</sup> December	<u>\$165,610,000</u>	<u>\$149,715,000</u>

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

Current Service Cost	<u>\$15,895,000</u>	<u>\$(2,216,000)</u>
----------------------	---------------------	----------------------



NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED  
 31<sup>ST</sup> DECEMBER, 2017

CONTINUED.....

6. PROPERTY, PLANT AND EQUIPMENT

<u>Original Costs</u>	<u>FURNITURE &amp; FITTINGS</u>	<u>OFFICE EQUIPMENT</u>	<u>PLANT &amp; EQUIPMENT</u>	<u>VEHICLES</u>	<u>COMPUTER EQUIPMENT</u>	<u>FIRE ARMS</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>TOTAL</u>
Cost at 31.12.16	3,230,007	3,730,328	16,636,306	5,082,073	4,594,673	1,552,359	21,823,838	8,176,163	64,825,747
Additions	55,826	19,401	418,997	-	175,948	-	-	-	670,172
Disposals	-	-	(27,585)	-	(740)	-	-	-	(28,325)
Cost at 31.12.17	<u>\$3,285,833</u>	<u>\$3,749,729</u>	<u>\$17,027,718</u>	<u>\$5,082,073</u>	<u>\$4,769,881</u>	<u>\$1,552,359</u>	<u>\$21,823,838</u>	<u>\$8,176,163</u>	<u>\$65,467,594</u>
<u>ACCUMULATED DEPRECIATION</u>									
Bal b/f 31.12.16	(2,523,940)	(3,598,132)	(15,018,556)	(3,941,592)	(4,101,608)	(1,455,028)	-	(5,176,146)	(35,815,002)
Charge for the Year	(81,944)	(26,498)	(633,931)	(340,836)	(198,884)	(25,210)	-	(120,151)	(1,427,454)
Disposals	-	-	27,585	-	608	-	-	-	28,193
AS AT 31.12.17	<u>\$(2,605,884)</u>	<u>\$(3,624,630)</u>	<u>\$(15,624,902)</u>	<u>\$(4,282,428)</u>	<u>\$(4,299,884)</u>	<u>\$(1,480,238)</u>	<u>\$-</u>	<u>\$(5,296,297)</u>	<u>\$(37,214,263)</u>
<u>NET BOOK VALUE</u>									
AS AT 31.12.17	<u>\$679,949</u>	<u>\$125,099</u>	<u>\$1,402,816</u>	<u>\$799,645</u>	<u>\$469,997</u>	<u>\$72,121</u>	<u>\$21,823,838</u>	<u>\$2,879,866</u>	<u>\$28,253,331</u>
AS AT 31.12.16	<u>\$706,067</u>	<u>\$132,196</u>	<u>\$1,617,750</u>	<u>\$1,140,481</u>	<u>\$493,065</u>	<u>\$97,331</u>	<u>\$21,823,838</u>	<u>\$3,000,017</u>	<u>\$29,010,745</u>

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED  
 31<sup>ST</sup> DECEMBER, 2017

CONTINUED.....

7.	<b><u>INVENTORIES</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	Electronics Security	576,835	574,822
	Raw Materials and Consumables	8,659,873	9,724,567
	LESS: Provision for Obsolescence	<u>(380,539)</u>	<u>(380,539)</u>
		<u>\$8,856,169</u>	<u>\$9,918,850</u>
8.	<b><u>DEBTORS AND PREPAYMENTS</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	Trade Debtors	344,847,775	249,148,252
	Provision for Bad Debts	(34,412,134)	(34,412,134)
	Prepayments and Other Receivables	<u>109,946,993</u>	<u>71,916,264</u>
		<u>\$420,382,634</u>	<u>\$286,652,382</u>
9.	<b><u>SHORT TERM INVESTMENTS</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	Unit Trust Corporation	11,954,479	11,814,632
	FCB Abercrombie Fund	<u>20,778,379</u>	<u>28,531,241</u>
		<u>\$32,732,858</u>	<u>\$40,345,873</u>
10.	<b>(a) <u>CASH ON HAND AND CASH AT BANKS</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	Petty Cash Floats	102,500	102,500
	First Citizens Bank Limited	73,527	73,827
	Republic Bank Limited – Current Account	-	15,014,958
	Republic Bank Limited – SEMP	-	45,538
	Republic Bank Limited – Payroll	-	43,746
	Scotia Bank T&T Limited	<u>198,994</u>	<u>1,254,745</u>
		<u>\$375,021</u>	<u>\$16,535,314</u>
	<b>(b) <u>OVERDRAFT</u></b>		
	Republic Bank Limited	<u>\$7,057,024</u>	<u>\$ _____</u>
11.	<b><u>SHARE CAPITAL</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	<b><u>AUTHORIZED</u></b>		
	Unlimited Ordinary Shares	<u>\$ _____</u>	<u>\$ _____</u>
	<b><u>ISSUED AND FULLY PAID</u></b>		
	3,000,000 Ordinary Shares	<u>\$3,000,000</u>	<u>\$3,000,000</u>

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED  
 31<sup>ST</sup> DECEMBER, 2017

CONTINUED.....

12.	<b><u>PROVISION FOR VACATION LEAVE</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	Provision for Vacation Leave	\$ <u>46,264,477</u>	\$ <u>39,795,129</u>
13.	<b><u>CREDITORS AND ACCRUALS</u></b>	<b><u>2016</u></b>	<b><u>2016</u></b>
	Trade Creditors	1,789,786	945,109
	Accruals	157,590,011	80,394,139
	Provisions	1,664,603	2,386,993
	Projects	26,802,761	29,798,181
	Vat	<u>1,596,352</u>	<u>2,938,406</u>
		<u>\$189,443,513</u>	<u>\$116,462,828</u>
14.	<b><u>REVALUATION RESERVE</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	Revaluation Reserve	\$ <u>19,777,867</u>	\$ <u>19,777,867</u>
	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 31 <sup>st</sup> December, 2012.		
15.	<b><u>DEFERRED TAXATION</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	a) <u>Deferred Tax Asset</u>		
	Brought Forward	4,016,462	5,898,496
	Amount utilized during the Year (Note 17)	<u>(2,721,739)</u>	<u>(1,882,034)</u>
	Balance Carried Forward	<u>\$1,294,723</u>	<u>\$4,016,462</u>
	b) <u>Deferred Tax Liability</u>		
	Balance Brought Forward	678,666	747,017
	Charge to Statement of Comprehensive Income (Note 17)	<u>46,197</u>	<u>(68,351)</u>
	Balance Carried Forward	<u>\$724,863</u>	<u>\$678,666</u>
16.	<b><u>RELATED PARTIES</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	Directors' Compensation	\$ <u>159,000</u>	\$ <u>122,070</u>
	<u>Key Management Compensation</u>		
	Salaries and Other Short Term Benefits	3,160,800	3,162,000
	Post-Employment Benefits	<u>212,350</u>	<u>357,033</u>
		<u>\$3,373,150</u>	<u>\$3,519,033</u>

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED  
 31<sup>ST</sup> DECEMBER, 2017

CONTINUED.....

17. <u>TAXATION</u>	<u>2017</u>	<u>2016</u>
Business Levy	2,618,672	2,671,717
Green Fund Levy	1,309,336	1,298,780
Deferred Tax Asset	2,721,739	1,882,034
Deferred Tax Charge	<u>46,197</u>	<u>( 68,351)</u>
Provision for Taxation	<u>\$6,695,944</u>	<u>\$5,784,180</u>
Profit before Taxation	8,448,800	6,946,149
Expenses not deductible for Tax	1,724,471	1,800,796
Income/Allowances subject to Tax	<u>(1,100,806)</u>	<u>(1,218,811)</u>
Taxable Profit for the Year	<u>9,072,465</u>	<u>7,528,134</u>
Tax Calculated at 30%/25%	<u>\$2,721,739</u>	<u>\$1,882,034</u>
Corporation Tax Loss B/F	16,065,853	23,593,987
Tax Loss Utilized for the Year	<u>(9,072,465)</u>	<u>(7,528,134)</u>
Corporation Tax Loss C/F	<u>\$6,993,388</u>	<u>\$16,065,853</u>

The Company has taxation losses available for set off against future profits amounting to approximately \$6,993,388. These losses have not yet been agreed by the Board of Inland Revenue.

18. <u>INCOME FROM OPERATIONS</u>	<u>2017</u>	<u>2016</u>
Agriculture	8,166,671	8,362,197
Engineering	6,419,412	1,649,991
Janitorial & Maintenance	227,521,543	214,598,576
Security	225,622,332	181,316,404
Technical	<u>22,487,194</u>	<u>23,274,177</u>
	<u>\$490,217,152</u>	<u>\$429,201,345</u>

19. <u>STAFF AND SALARY EXPENSES</u>	<u>2017</u>	<u>2016</u>
Casual Labour	352,217	248,311
Car Loan – Employees	1,463	-
Dental & Vision	207,072	136,079
Group Life	86,034	95,366
Health Plan Employer's Contribution	675,707	633,244
Interest Subsidy – Loan Employee	17,868	41,187
Local Travel Expenses	43,224	84,694
Medical Expenses	534,874	663,613
NIS Employer's Contribution	29,670,051	28,367,991
Pension Plan	1,791,180	2,169,577
Salaries – Monthly	17,114,422	19,758,602
Staff Welfare	363,037	698,570
Wages – Forth-nightly	<u>360,737,256</u>	<u>315,766,361</u>
	<u>\$411,594,405</u>	<u>\$368,663,595</u>

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED  
 31<sup>ST</sup> DECEMBER, 2017

CONTINUED.....

20.	<b><u>OPERATING EXPENSES</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	Accommodation	124,528	148,427
	Air Travel	69,538	81,330
	Canine	2,482,286	3,120,977
	Consumable Tools	105,349	61,492
	Electricity	1,035,309	1,084,561
	Equipment – small items	-	5,497
	Firearm/Gun Lodging	141,683	136,990
	Insurance	2,348,946	2,455,597
	Legal & Professional Fees	1,548,986	1,268,002
	Motor Vehicle Expenses	1,095,014	1,015,045
	Office Expenses	15,720	64,239
	Public Relations	3,223,036	2,862,807
	Rent	7,811,788	7,117,121
	Software License Fees	51,714	36,027
	Telephone/Fax	1,055,005	1,066,099
	Tenders	17,132	23,863
	Training	3,126,458	2,463,095
	Transportation	16,559	38,153
	Water Rates	60,139	61,647
	<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$24,329,190</u></b>	<b><u>\$23,110,969</u></b>
21.	<b><u>BAD BEDTS</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	Bad Debts	<u>\$14,354,281</u>	\$ -
22.	<b><u>SUPPLIES AND MATERIALS</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	Consumables	12,333,600	12,849,782
	Maintenance and Repairs	13,248,195	12,372,062
	Supplies	<u>5,390,203</u>	<u>5,273,546</u>
		<b><u>\$30,971,998</u></b>	<b><u>\$30,495,390</u></b>
23.	<b><u>FINANCE CHARGES</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
	Bank Charges and Interest	644,179	360,736
	Fees on Bond Issues	<u>35,000</u>	<u>25,000</u>
		<b><u>\$679,179</u></b>	<b><u>\$385,736</u></b>

**NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31<sup>ST</sup> DECEMBER, 2017**

CONTINUED.....

24. **SUBSEQUENT EVENTS** 2017 2016

The company is in the process of wage negotiations with various unions which represent the employees and cover the years 2011 to 2017. 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 instructions. 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.

25. <b><u>CONTINGENT LIABILITIES</u></b>	<u>2017</u>	<u>2016</u>
Performance Bonds	\$507,732	\$524,544
Litigation Matters	\$1,664,603	\$2,386,993

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.

26. **GOVERNMENT GRANT**

MTS received a grant of \$49,190,714 , which represents security back pay. This was previously provided for in our accounts and was applied accordingly. The 2<sup>nd</sup> half of the back pay was received in April, 2017 and was also applied accordingly.