

**ADMINISTRATIVE REPORT OF THE**  
**PALO SECO AGRICULTURAL**  
**ENTERPRISES LIMITED**  
**FOR THE PERIOD OCTOBER 1, 2011 TO**  
**SEPTEMBER 30, 2012**

**EXECUTIVE SUMMARY**  
**ADMINISTRATIVE REPORT OF THE PSAEL**  
**FOR THE PERIOD OCTOBER 1, 2011 TO SEPTEMBER 30, 2012**

The Administrative Report of PSAEL is structured under three principal areas:

- Key stakeholders/Customers & Expectations
- Finance
- Resource capabilities

**(i) Key Stakeholders/Customers & Expectations**

The key Stakeholders of the PSAEL and stakeholder's expectation are listed at **Table I** hereunder.

**Table I**

<b>No.</b>	<b>Stakeholder</b>	<b>Stakeholder Expectation</b>
1	Ministry of Local Government	Execution of work: i. within agreed timelines and budget; and ii. facilitating ongoing liaison with work plan
2	Ministry of Finance	Execution of projects in manner that manifests: i. transparency accountability and value for money; and ii. Strict adherence to Government policy and procedure.
3	PETROTRIN	i. Civil and maintenance work completed within time frame, specification and budget; ii. Squatter containment in estate management; and iii. Continuous liaison between Petrotrin and tenants.
4	Employees	i. Job Security; ii. Periodic salary increments; iii. Timely payment of salary; iv. Training and development opportunities; and v. Recognition of contributions.
5	Contractors	i. Prompt processing of claims and payments; ii. Prompt resolution of all issues affecting contract implementation; and iii. Transparency in the invitation and selection process.
6	Tenants	i. Regularization of tenancy; and ii. Timely response to complaints
7	Community	i. High quality infrastructural works; ii. Community participation; and iii. Environmental sensitivity

(ii) **Finance**

The budget for the fiscal year ending September 30, 2012 is summarised at **Tables II** and **Table III** in terms of revenue, expenditure and before tax surplus/deficit.

**Revenue**

**Table II**

<b>Projected (total \$)</b>	<b>Actual (total \$)</b>	<b>Variance (total \$)</b>	<b>Key Reasons for variance</b>
<b>196,116,456</b>	<b>96,049,953</b>	<b>(100,066,503)</b>	<ul style="list-style-type: none"><li>i. Increased work shown was based on maintenance of prior year's level of activity and cost.</li><li>ii. No community projects undertaken until July 2012 of fiscal year. The major projects also commenced with one contract signed in December 2012 and two signed in June 2012.</li></ul>

**Expenditure**

**Table III**

<b>Projected (total \$)</b>	<b>Actual (total \$)</b>	<b>Variance (total \$)</b>	<b>Key Reasons for variance</b>
<b>201,982,992</b>	<b>111,949,891</b>	<b>90,033,101</b>	<ul style="list-style-type: none"><li>i. Non filling of budgeted vacancies;</li><li>ii. Cost containment management; and</li><li>iii. Reduced volume of work.</li><li>iv. A bad debt expense of \$12.8 million relating to invoices was written off that have not been accepted by Petrotrin.</li></ul>

**Surplus /deficit before taxation = (\$15,899,938)**

During the fiscal year PSAEL had no debt policy or no overdraft; no overdraft/loan facility with any financial institution. A bad debt expense of \$12.8 million relating to invoices that Petrotrin had not accepted was written off by the Board of Directors. Over a similar period, PASEL implemented a standard thirty (30) day period for contractors and suppliers, a standard sixty (60) day collection period from its clients; and promptly reviewed aging debts.

PSAEL has an Investment Policy (PLCEO 001/10) which was approved by the Board of Directors on April 29<sup>th</sup>, 2010. No new investments were made during the fiscal period under review. Therefore the Company's shareholders received no dividends for fiscal year 2012.

**(iii) Resource Capabilities**

The staff complement of the PSAEL comprise about one hundred and eleven(111) persons which provided comprehensive services in the areas detailed at **Table IV**.

**Table IV**

<b>General Area</b>	<b>Specific Services</b>
<b>Project Management</b>	<ul style="list-style-type: none"><li>• Project Initiation</li><li>• Project Planning</li><li>• Project Execution</li><li>• Project Monitoring &amp; Control</li> <li>• Project Phase Closure</li></ul>
<b>Engineering</b>	<ul style="list-style-type: none"><li>• Needs Assessment</li><li>• Research</li><li>• Investigations</li><li>• Risk Analysis</li><li>• Design</li><li>• Cost Estimation</li></ul>
<b>Maintenance</b>	<ul style="list-style-type: none"><li>• Procurement Management</li><li>• Quality Management</li><li>• Risk assessment</li><li>• Customer Relations Management</li></ul>
<b>Community Development</b>	<ul style="list-style-type: none"><li>• Development of rural communities</li><li>• Employment provision</li><li>• Community Liaison</li></ul>

General Area	Specific Services
	<ul style="list-style-type: none"> <li data-bbox="889 220 1312 287">• Contractor performance and feedback</li> </ul>

**Staff Complement**

During the period under review the total complement of staff were contract employees.

**Staff Training**

The company did not engage in training interventions for its staff during the period under review.

**Inventory**

As per policy, the Company did not indulge in any stockpiling during the period.

**Tendering Procedure**

Procurement of goods and services was conducted pursuant to the Company’s Tender policy of 30<sup>th</sup> September 2012, which provides for competitive and sole selective/ Merit tendering. In all cases approval of the Finance and Tenders Committee was obtained prior to invitation of bids and award of any contract. All contractors were required to provide performance bonds and or retention fees.

**RECORD OF MEMBERS OF THE BOARD OF DIRECTORS**  
**FOR THE PERIOD 2011 -2012**

<b>No.</b>	<b>Name</b>	<b>Date of Appointment</b>	<b>Date Ceased to Hold Office</b>
1.	Brian Besson, <b>Chairman</b>	November 30, 2006	April 4, 2011
2.	William Daniel	February 24, 1994	April 4, 2011
3.	Clyde Callender	September 26, 2002	April 4, 2011
4.	Kevin Singh	November 30, 2006	April 4, 2011
5.	Ivan Hinkson	September 30, 2009	April 4, 2011
6.	Oresa Charles	September 30, 2009	April 4, 2011
7.	Joel-Ann Cook-Walcott	September 30, 2009	March 10, 2011

**RECORD OF MEMBERS OF THE BOARD OF DIRECTORS**  
**FOR THE PERIOD 2011 -2012**

<b>No.</b>	<b>Name</b>	<b>Date of Appointment</b>	<b>Date Ceased to Hold Office</b>
1.	Ashmead Ghany, <b>Chairman</b>	4 <sup>th</sup> April, 2011	2016
2.	Nigel Alleyne	4 <sup>th</sup> April, 2011	2016
3.	Sheldon Ganga	4 <sup>th</sup> April, 2011	2016
4.	Ramesh Bhim	4 <sup>th</sup> April, 2011	2016
5.	Godfrey Stanley Alexis	4 <sup>th</sup> April, 2011	2016
6.	Nalini Balwant	4 <sup>th</sup> April, 2011	2016
7.	Reshma Ramai	4 <sup>th</sup> April, 2011	2016
8.	Rudra Balramsingh	4 <sup>th</sup> April, 2011	2016
9.	Simon Ferreira	4 <sup>th</sup> April, 2011	2016
10.	Jehan Mohammed	4 <sup>th</sup> April, 2011	2016
11.	Ryan Spicer	4 <sup>th</sup> April, 2011	2016

**MANAGEMENT TEAM**  
**FOR THE PERIOD 2011-2012**

<b>No.</b>	<b>Name</b>	<b>Date of Appointment</b>	<b>Date Ceased to Hold Office</b>
1.	Denise Knights, Chief Executive Officer	August 2008	March 2011
2.	Natalie O'Brien, Chief Executive Officer (Interim)	March 2011	July 2011
3.	Lorett Hope Mc Donald, Chief Executive Officer (Interim)	August 2011	September 2012
4.	Natalie O'Brien, Manager, Finance	Jan. 2009	Dec. 2011
5.	Lorett Hope Mc Donald, Manager HRCS	March 2009	Not applicable
6.	Nirmala Maharaj, Manager Legal and Estates	March 2009	Feb. 2012
7.	Abayomi Ajene, Manager Legal and Estates	Feb 2012	June 2012
8.	Sizwe Jackson, Manager PEMD	Sept. 2009	July 2012

**AN ANALYSIS OF PSAEL'S PERFORMANCE FOR THE PERIOD OCTOBER 1, 2011 TO  
SEPTEMBER 30, 2012**

Revenue for the fiscal year October 1, 2011 to September 30, 2012 was estimated at \$196,116,456 however, the actual revenue obtained was \$96,049,953. While the expenditure for the fiscal year was budgeted as \$201,982,992, the actual expenditure was \$111,949,891 resulting in a \$90,033,101 shortfall. However, the actual revenue from actual expenditure resulted in a (\$15,899,938) before taxation revenue. PSAEL's projected revenue was based on the following assumptions:-

- Petrotrin – Repairs and Maintenance works will remain at the same level as prior years.
- Operating Costs will be reimbursed according to the New Management Contract between Petrotrin and PSAEL.
- Initial funding will be provided for the Plaisance Park upgrade project by TRINTOC.
- The approved allocation for community infrastructure projects will remain the same as past years.

Analysing PSAEL's fiscal position for the period under review, there had been an increase in the volume of work pertaining to the building, maintenance and repairs for PETROTIN. This resulted in a positive budget variance of \$5,251,225.00, in relation to the budgeted figure of \$22,095,360 against the actual revenue of \$27,346,585.

**Operating Costs** - the amount budgeted was \$7,158,794., in relation to the actual budgeted figure of \$5,018,076. This was as a result of a number of positions which remained vacant during the period under review. Petrotrin operated with 75% of the full staff complement for LESD – resulting in a budget variance of \$2,140,718.00.

**Contract Fees/Other** – Community projects were only undertaken from July 2012 in that fiscal year, this resulted in a negative budget variance of (\$103,325,540), in relation to the budgeted figure of \$163,980,502 against the actual revenue of \$60,654,962. Three major projects also commenced during the fiscal year of this two contracts were signed in June 2012 and one in December 2012. These special projects undertaken were as follows:-

- Outfitting of the One Alexandra Building
- Outfitting of the Chaguanas Borough Corporation Administrative Complex
- Design and Construction of the Siparia Market Facility

**Other Revenue** - This represents land and building rents and other fees budgeted for the year. A minimal increase of \$148,530 in collections was received during the fiscal year in relation to the budgeted figure of \$2,881,800 against the actual revenue of \$3,030,330.

It should be noted that PSAEL had a bad debt expense of \$12.8 million related to expenses as a result of invoices that were outstanding from Petrotrin as at September 30, 2012. As a consequence, PSAEL's Financial Controller recommended to the Board of Directors that the debt be written off and it was acceded to by the Board of Directors.