

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2014

MAHARAJ
MOHAMMED
& Co.



PALO SECO AGRICULTURAL ENTERPRISES LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2014

C O N T E N T S	Page
Independent Auditors' Report	2 - 3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 18
Schedules to the Statement of Comprehensive Income	19 - 20

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
PALO SECO AGRICULTURAL ENTERPRISES LIMITED**

Report on the Financial Statements

We have audited the financial statements of Palo Seco Agricultural Enterprises Limited which comprise the statement of financial position as at 30th September 2014, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as stated on pages 4 to 18.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and 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 about whether the financial statements are free of 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' judgement, 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 controls 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 the Company as at 30th September 2014 and the results of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Maharaj Mohammed & Co.

Maharaj Mohammed & Co.
Chartered Accountants
Trinidad & Tobago

5th December 2014

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2014

<u>ASSETS</u>	Notes	2014 \$	2013 \$
Current assets			
Cash and bank balances	3	17,501,072	10,000,898
Accounts receivable and prepayments	4	15,005,550	20,156,046
Amounts due by related parties	8	67,487,311	175,848,160
Inventory	5	-	52,615
Taxation recoverable		<u>1,416,058</u>	<u>1,416,058</u>
Total current assets		<u>101,409,991</u>	<u>207,473,777</u>
Non-current assets			
Property, plant and equipment	7	2,617,373	2,070,425
Investments – available for sale	6	2,138,508	2,098,556
Deferred tax asset	11	<u>1,354,447</u>	<u>1,083,750</u>
		<u>6,110,328</u>	<u>5,252,731</u>
Total Assets		<u>107,520,319</u>	<u>212,726,508</u>
 <u>EQUITY AND LIABILITIES</u>			
Shareholders' Equity			
Stated capital	9	301,790	301,790
Investment reserve	6	(271,492)	(311,444)
Retained earnings		44,943,648	46,289,288
Total shareholders' equity		<u>44,973,946</u>	<u>46,279,634</u>
Current liabilities			
Accounts payable and accruals	10	61,512,946	164,321,352
Amounts due to related parties	8	871,013	2,002,091
Taxation payable		<u>67,651</u>	<u>47,176</u>
Total current liabilities		<u>62,451,610</u>	<u>166,370,619</u>
Non-current liabilities			
Deferred tax liability	11	<u>94,763</u>	<u>76,255</u>
Total Liabilities		<u>62,546,373</u>	<u>166,446,874</u>
Total Liabilities and Shareholders' Equity		<u>107,520,319</u>	<u>212,726,508</u>

The accompanying notes on pages 8 to 18 form an integral part of these financial statements.

Rashmi Ramai :Director

AGL :Director

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

	Note	2014	2013
		\$	\$
Revenues			
Management fees		13,090,326	18,647,729
Project management income		145,869,218	206,117,809
Land and building rental		2,674,051	2,906,431
Interest income		124,621	130,529
Other income		<u>137,556</u>	<u>381,472</u>
		<u>161,895,772</u>	<u>228,183,970</u>
Operating expenditure			
Estate management and maintenance		4,893,874	19,914,216
Project expenses and other		<u>147,024,921</u>	<u>189,479,443</u>
		<u>151,918,795</u>	<u>209,393,659</u>
Operating income		9,976,977	18,790,311
Expenses			
Administrative and general		11,071,925	10,539,531
Interest and bank charges		<u>17,193</u>	<u>12,574</u>
		<u>11,089,118</u>	<u>10,552,105</u>
Net (loss)/income before taxation		(1,112,141)	8,238,206
Taxation	13	<u>(233,499)</u>	<u>(3,511,237)</u>
Net (loss)/income for the year		<u>(1,345,640)</u>	<u>4,726,969</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

	Stated Capital \$	Investment Reserve \$	Retained Earnings \$	Total \$
Balance at 1st October 2012	301,790	-	41,562,319	41,864,109
Revaluation of investment	-	(311,444)	-	(311,444)
Income for the year	-	-	4,726,969	4,726,969
Balance at 30th September 2013	301,790	(311,444)	46,289,288	46,279,634
Balance at 1st October 2013	301,790	(311,444)	46,289,288	46,279,634
Revaluation of investment	-	39,952	-	39,952
Income for the year	-	-	(1,345,640)	(1,345,640)
Balance at 30th September 2014	301,790	(271,492)	44,943,648	44,973,946

The accompanying notes on pages 8 to 18 form an integral part of these financial statements.

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

	Note	2014	2013
		\$	\$
Operating Activities			
Net (loss)/income before taxation		(1,112,141)	8,238,206
Adjustments for:			
Depreciation of property, plant and equipment		455,644	349,394
Loss on disposal of property, plant and equipment		12,329	-
Loss on redemption of bond investment		<u>-</u>	<u>329,120</u>
Net (loss)/income before working capital changes		(644,168)	8,916,720
Movements in working capital			
Decrease in accounts receivable and prepayments		5,219,496	13,231,776
Decrease/(increase) in amounts due from related parties		108,291,849	(123,757,690)
Decrease in inventory		52,615	78,486
(Decrease)/increase in accounts payable and accruals		(102,808,406)	98,919,724
Decrease in amounts due to related parties		<u>(1,131,078)</u>	<u>(197,489)</u>
Cash generated from/(utilized in) operating activities		8,980,308	(2,808,473)
Taxation paid		<u>(465,213)</u>	<u>(660,269)</u>
Net cash generated from/(utilized in) operations		<u>8,515,095</u>	<u>(3,468,742)</u>
Investing activities			
Purchase of property, plant and equipment		(1,019,819)	(67,560)
Proceeds from disposal of property, plant and equipment		4,898	-
Proceeds from redemption of bond investment		<u>-</u>	<u>1,956,880</u>
Cash (utilized in)/provided by investing activities		<u>(1,014,921)</u>	<u>1,889,320</u>
Net increase/(decrease) in cash and cash equivalents		<u>7,500,174</u>	<u>(1,579,422)</u>
Cash and cash equivalents			
- at the beginning of the year		10,000,898	11,580,320
- at the end of the year	3	<u>17,501,072</u>	<u>10,000,898</u>
		<u>7,500,174</u>	<u>(1,579,422)</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2014

1. **Incorporation and principal activities**

Palo Seco Agricultural Enterprises Limited (PSAEL), (formerly Trinidad Tesoro Agricultural Company Limited) was incorporated on 11th January 1956. It was a wholly-owned subsidiary of Trinidad and Tobago Petroleum Company Limited (TRINTOPEC), a company incorporated in Trinidad and Tobago on 19th November 1985.

In May 2006, the Government of Trinidad & Tobago declared PSAEL as a Special Purpose State Enterprise. In June 2008, the company transferred its shares to the Minister of Finance as Corporation Sole, with 1 share held by a nominee, on behalf of the Minister of Finance as Corporation Sole.

The principal activities of the company are the design, construction and management of infrastructure development projects in the southwest peninsula as well as the management of the residual non-oil assets of Petroleum Company of Trinidad and Tobago Limited (PETROTRIN), a company formed in 1993, in which the oil-related assets of TRINTOPEC and the Trinidad and Tobago Oil Company Limited (TRINTOC), were vested.

The financial statements were authorised for issue by the Board of Directors on 28th January 2015.

2. **Significant accounting policies**

(a) **Basis of preparation**

These financial statements are expressed in Trinidad and Tobago dollars and have been prepared under the historical cost convention, in accordance with International Financial Reporting Standards.

(b) **Use of estimates**

The preparation of financial statements, in conformity with International Financial Reporting Standards, require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) **Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost and comprise cash in hand and bank balances disclosed in Trinidad and Tobago dollars, and other short-term highly liquid investments.

(d) **Inventory**

Inventory is stated at the lower of cost, as established on the average cost basis, and net realisable value.

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

2. **Significant accounting policies (continued)**

(e) **Foreign currency**

Foreign currency transactions during the year are translated into Trinidad and Tobago dollars at the exchange rates ruling at the dates of the transactions. Current assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Gains or losses thus arising are included in the statement of income.

(f) **Property, plant and equipment**

Property, plant and equipment are stated at cost and are being depreciated on the reducing balance basis, at varying rates which are sufficient to write off the cost of the assets over their estimated useful lives as follows:

Leasehold improvements	10%
Buildings and pastures	10%
Furniture and fittings	10% - 16 2/3%
Machinery and equipment	20%
Computer equipment	33 1/3%

No depreciation is charged on freehold land.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the Statement of Comprehensive Income.

2. Significant accounting policies (continued)

(g) Revenue

(i) Project management services rendered

Revenue from services rendered is recognised in Statement of Comprehensive Income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

(ii) Rental income

Rental income is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

(h) Operating lease payments

Operating leases are classified as those where a significant portion of risks and rewards of ownership are retained by the lessor.

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

(i) Investments

(i) Held to maturity

These investments are stated at amortised cost, less provisions for any permanent diminution in value, with the positive intention of being held to maturity.

(ii) Available for sale

After initial recognition, the investments, which are classified as “available for sale”, are measured at fair value, with unrealised gains or losses recorded to the Investment Reserve on the Statement of Financial Position. For actively traded investments, fair value is determined by reference to Stock Exchange quoted market prices at the balance sheet date, adjusted for transaction cost necessary to realize the investment. For investments where there is no quoted market price, the carrying value is deemed to approximate fair value.

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

2. Significant accounting policies (continued)

(j) Deferred taxation

Deferred income tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realized or the liability is settled, based on the enacted tax rate at the balance sheet date.

(k) Accounts receivable

Accounts receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. All collections from sales are expected in one year or less and are classified as current assets. Accounts receivable are initially recognized at the transaction price. They are subsequently measured at cost less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the company will not be able to recover all amounts due according to the original terms of the receivables.

(l) Accounts payable

Accounts payable are obligations on the basis of normal credit terms and do not bear interest.

(m) Taxation

The company is subject to Corporation Tax based on the stipulated rate for the respective year of income, in addition to Green Fund Levy at the rate of 0.1% of gross revenue.

(n) Stated capital

Ordinary shares are classified as equity.

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

3. **Cash and bank balances**

Cash and cash equivalents consist of cash on hand, balances with banks and short-term investments. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2014	2013
	\$	\$
Cash on hand	3,040	1,088,222
Cash at bank	14,160,696	5,613,909
Short-term investments	<u>3,337,336</u>	<u>3,298,767</u>
	<u>17,501,072</u>	<u>10,000,898</u>

The short-term investments comprise mutual and income funds held at local financial institutions. Interest is earned at an average rate of 1.2% (2013: 1.6%) per annum. Cash at bank is also held at local financial institutions.

4. **Accounts receivable and prepayments**

	2014	2013
	\$	\$
Trade receivables (Note 8)	69,100	219,165
Accrued income - Related parties (Note 8)	10,639,320	14,261,227
- Other	617	2,740
Prepayments and other receivables	<u>4,296,513</u>	<u>5,672,914</u>
	<u>15,005,550</u>	<u>20,156,046</u>

Included in Prepayments and other receivables is net Value Added Tax (VAT) receivable of \$4,263,384 (2013: \$5,640,001).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable noted above. The company does not hold any collateral as security.

5. **Inventory**

	2014	2013
	\$	\$
Stationery, kitchen and computer supplies	<u>-</u>	<u>52,615</u>

From the current year, the above items were classified as consumables rather than inventory, and were expensed to the Statement of Comprehensive Income.

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

6. Investments	2014	2013
	\$	\$
a) Available-for-sale investments		
i) Shares (unquoted)	<u>140,000</u>	<u>140,000</u>
ii) Shares (quoted)		

In November 2012, the Company redeemed the first tranche of Government Bonds (zero coupon) at a discount value of 85.6%, with the realised loss recorded to the Statement of Comprehensive Income.

The second tranche of Government Bonds were required to be converted to quoted shares in Clico Investment Fund (CIF), which are traded on the Trinidad & Tobago Stock Exchange. Unrealised gains and losses arising from revaluation of these shares are recorded to the Investment Reserve on the Statement of Financial Position.

Balance at beginning of year	1,958,556	4,556,000
Conversion of investment to Government Bonds	-	-
Redemption of first tranche	-	(1,956,880)
Loss on redemption (Statement of Comprehensive Income)	<u>-</u>	<u>(329,120)</u>
Balance on Government Bonds converted to CIF shares	1,958,556	2,270,000
Net gain/(loss) due to revaluation (see below)	<u>39,952</u>	<u>(311,444)</u>
Balance at end of year	<u>1,998,508</u>	<u>1,958,556</u>
Total Available-for-sale investments	<u>2,138,508</u>	<u>2,098,556</u>

- Quoted shares are re-valued quarterly to market value (fair value) of the investments. Gains/losses are recorded to the Investment Reserve account.
- Unquoted shares are represented at cost, which represents the fair value of these investments.

b) Investment reserve	2014	2013
	\$	\$
Balance at beginning of year	(311,444)	-
Revaluation of quoted investment	<u>39,952</u>	(311,444)
Balance at end of year	<u>(271,492)</u>	<u>(311,444)</u>

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

7. Property, plant and equipment

	Freehold Land	Leasehold Improvements	Buildings & Pastures	Furniture & Fittings	Machinery & Equipment	Computer Equipment	Total
\$	\$	\$	\$	\$	\$	\$	\$
At 30th September 2012							
Cost	132,414	1,880,298	4,705,148	1,636,401	890,838	1,218,327	10,463,426
Accumulated Depreciation	0	1,010,924	4,705,148	825,435	809,803	759,857	8,111,167
Net Book Value	132,414	869,374	0	810,966	81,035	458,470	2,352,259
Year ended 30 September 2013							
Opening net book value	132,414	869,374	0	810,966	81,035	458,470	2,352,259
Additions	0	0	0	3,546	4,500	59,514	67,560
Disposal	0	0	0	0	0	0	0
Depreciation charge	0	86,937	0	81,185	17,917	163,355	349,394
Net Book Value	132,414	782,437	0	733,327	67,618	354,629	2,070,425
At 30th September 2013							
Cost	132,414	1,880,298	4,705,148	1,639,947	895,338	1,277,841	10,530,986
Accumulated Depreciation	0	1,097,861	4,705,148	906,620	827,720	923,212	8,460,561
Net Book Value	132,414	782,437	0	733,327	67,618	354,629	2,070,425
Year ended 30 September 2014							
Opening net book value	132,414	782,437	0	733,327	67,618	354,629	2,070,425
Additions	0	0	188,655	148,317	2,600	680,247	1,019,819
Disposal	0	0	0	(2,171)	0	(15,056)	(17,227)
Depreciation charge	0	78,244	1,572	80,159	13,784	281,885	455,644
Net Book Value	132,414	704,193	187,083	799,314	56,434	737,935	2,617,373
At 30th September 2014							
Cost	132,414	1,880,298	4,893,803	1,782,375	897,938	1,882,677	11,469,505
Accumulated Depreciation	0	1,176,105	4,706,720	983,061	841,504	1,144,742	8,852,132
Net Book Value	132,414	704,193	187,083	799,314	56,434	737,935	2,617,373

The freehold lands have not been re-valued in accordance with IAS 16 – Property, plant and equipment, as Cabinet has approved the vesting of the said lands to the related company – PETROTRIN.

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

8. Related party balances

	2014	2013
	\$	\$
<i>a) Amounts due from:</i>		
Trinidad & Tobago Oil Company Limited (TRINTOC)	3,603,039	3,596,038
Ministry of Local Government	43,280,079	147,042,059
Ministry of Works and Infrastructure	7,322,396	-
Ministry of Labour and Small and Micro Enterprises Development	665,721	-
Ministry of Science, Technology & Tertiary Education	176,319	199,425
Petroleum Company of Trinidad & Tobago (PETROTRIN)	11,124,560	24,193,560
National Gas Company of Trinidad & Tobago Limited	1,315,197	-
Community Improvement Services Limited (CISL)	3,397,768	3,397,768
Princes Town Regional Corporation (PTRC)	-	817,078
Less: Provision for doubtful debts	<u>(3,397,768)</u>	<u>(3,397,768)</u>
	<u>67,487,311</u>	<u>175,848,160</u>
 <i>Amounts due to:</i>		
Petroleum Company of Trinidad & Tobago (PETROTRIN)	788,213	1,960,691
Trinidad & Tobago Oil Company Limited (TRINTOC)	82,800	41,400
	<u>871,013</u>	<u>2,002,091</u>

b) Amounts due from related parties and trade receivables

	2014	2013
	\$	\$
Due from related parties	70,885,079	179,245,928
Trade receivables (Note 4)	69,100	219,165
Less: provision for impairment	<u>(3,397,768)</u>	<u>(3,397,768)</u>
	<u>67,556,411</u>	<u>176,067,325</u>

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

8. Related party balances (continued)

b) *Amounts due from related parties and trade receivables (continued)*

i) As at 30 September 2014, due from related parties and trade receivables of \$12,399,706 (2013:\$113,547,597) were fully performing (due less than 30 days).

ii) As at 30 September 2014, due from related parties and trade receivables of \$55,156,705 (2013:\$62,519,728) were past due but not impaired.

iii) The analysis of these balances is as follows:	2014	2013
	\$	\$
0-30 days	12,399,706	113,547,597
31-60 days	1,271,364	30,317,886
61-90 days	6,138,130	6,939,406
Over 90 days	<u>47,747,211</u>	<u>25,262,436</u>
	<u>67,556,411</u>	<u>176,067,325</u>

As at 30 September due from related parties and trade receivables of \$3,397,768 were impaired and provided for. This balance is due from related party Community Improvement Services Limited (CISL).

There was no movement in the provision for impairment of the due from related parties and trade receivables from prior year.

	2014	2013
	\$	\$
c) Accrued income attributable to Related Parties:		
Petroleum Company of Trinidad & Tobago (PETROTRIN)	3,813,103	4,996,840
Ministry of Local Government	<u>6,826,217</u>	<u>9,264,387</u>
	<u>10,639,320</u>	<u>14,261,227</u>

d) Total sales to related parties are as follows:

Sales/income	<u>161,484,344</u>	<u>224,765,538</u>
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The transactions conducted with related parties were carried out on commercial terms and conditions at market rates, with the exception of rental income to TRINTOC, which is charged at a nominal rate.

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

9. Stated capital	2014	2013
	\$	\$
Authorized		
70,000 ordinary shares		
Issued		
60,358 ordinary shares	<u>301,790</u>	<u>301,790</u>
10. Accounts payable and accruals	2014	2013
	\$	\$
Trade payables	51,771,566	158,537,932
Accruals	9,496,450	5,477,985
Other payables	<u>244,930</u>	<u>305,435</u>
	<u>61,512,946</u>	<u>164,321,352</u>
11. Deferred taxation	2014	2013
	\$	\$
<i>i) Deferred Tax Asset</i>		
Accumulated tax losses	(5,417,787)	(4,334,999)
Deferred tax asset @ 25%	<u>1,354,447</u>	<u>1,083,750</u>
Deferred tax benefit/(charge)	<u>270,697</u>	<u>(2,890,920)</u>
<i>ii) Deferred Tax Liability</i>		
Net book value per accounting records	2,617,373	2,070,425
Less: permanent differences	<u>(132,414)</u>	<u>(132,414)</u>
Adjusted net book value	2,484,959	1,938,011
Tax written down value	<u>(2,105,905)</u>	<u>(1,632,990)</u>
Temporary differences	379,054	305,021
Deferred tax liability @ 25%	<u>94,763</u>	<u>76,255</u>
Deferred tax charge	<u>(18,508)</u>	<u>(10,541)</u>
<i>Net Deferred Tax Benefit/(Charge) (Note 13)</i>	<u>252,189</u>	<u>(2,901,461)</u>
12. Employees	2014	2013
The number of employees at 30 th September:	<u>80</u>	<u>81</u>

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

13. Taxation	2014	2013
	\$	\$
<i>Reconciliation between accounting loss and taxation charge</i>		
Accounting profit/(loss)	(1,112,141)	8,238,206
Items disallowed/(allowable)	<u>29,353</u>	<u>322,090</u>
(Allowable loss)/chargeable profit	(1,082,788)	8,560,296
Allowable losses brought forward	(4,334,999)	(12,895,295)
Allowable losses carried forward	<u>(5,417,787)</u>	<u>(4,334,999)</u>
<i>Taxation charge is made up as follows:</i>		
Business levy - current year	(323,792)	(456,368)
- prior year	-	48,953
Green Fund levy - current year	(161,896)	(228,184)
- prior year	-	25,823
Deferred tax benefit/(charge) (Note 11)	<u>252,189</u>	<u>(2,901,461)</u>
	<u>(233,499)</u>	<u>(3,511,237)</u>

14. Financial Instruments

As at 30 September 2014, the carrying amounts of the company's bank balances, receivables, amounts due to and from related parties and payables approximated to their fair values due to the short term maturities of these assets and liabilities.

15. Financial Instruments by Category	2014	2013
	\$	\$
The accounting policies for financial instruments have been applied to the line items below:		
Loans and receivables		
Trade receivables and prepayments	15,005,550	20,156,046
Due from related parties	67,487,311	175,848,160
Cash and bank balances	<u>17,501,072</u>	<u>10,000,898</u>
	<u>99,993,933</u>	<u>206,005,104</u>
Other financial liabilities at amortised cost		
Trade payables and accruals	61,512,946	164,321,352
Due to related parties	<u>871,013</u>	<u>2,002,091</u>
	<u>62,383,959</u>	<u>166,323,443</u>

PALO SECO AGRICULTURAL ENTERPRISES LIMITED

SCHEDULES TO THE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

Operating expenses	2014	2013
	\$	\$

Estate management and maintenance

Ground maintenance	666,029	5,597,337
Salaries and wages	2,813,565	5,003,524
National insurance	160,750	375,683
Repairs and maintenance	454,589	2,359,713
Janitorial, horticultural and landscaping	214,057	2,379,525
Mobile services	-	99,758
Garbage collection/removal	-	78,745
Miscellaneous expenses	-	7,436
Grass-cutting expenses	584,884	4,012,495
	<hr/>	<hr/>
	4,893,874	19,914,216
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Project expenses and other

NGC Road Rehabilitation Projects	74,732,903	-
Special project - PETROTRIN	-	1,499,576
Government Community Projects	68,619,923	187,979,867
Salaries, wages and national insurance	3,672,095	-
	<hr/>	<hr/>
	147,024,921	189,479,443
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PALO SECO AGRICULTURAL ENTERPRISES LIMITED

SCHEDULES TO THE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER 2014

Administrative and general	2014	2013
	\$	\$
Advertising	264,550	164,808
Audit fees and expenses	86,910	137,125
Books, reference, journals	5,098	4,700
Computer and office equipment	162,395	312,084
Depreciation	455,644	349,394
Directors' fees and expenses	567,146	541,949
Donations and gifts	117,906	13,640
Insurance	69,869	74,099
Janitorial	755,989	614,028
Loss on disposal of investment	-	329,120
Rental expense	36,000	25,477
Motor vehicle expenses	508,918	612,892
Office expenses	226,213	225,415
Penalties and fines	1,620	-
Professional fees	291,233	349,785
Repairs and maintenance	202,909	394,556
Safety expenses	31,511	34,326
Salaries, wages and employee benefits	4,841,970	3,822,740
Security	148,676	143,755
Training and seminars	65,191	46,966
Travelling	1,765,741	1,850,305
Utilities	466,436	492,367
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	11,071,925	10,539,531
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