Rural Development Company of Trinidad And Tobago Limited

Financial Statements

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

Rural Development Company of Trinidad and Tobago Limited

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Independent Auditor's Report

To the shareholders of
Rural Development Company of Trinidad and Tobago Limited

Report on the financial statements

We have audited the accompanying financial statements of Rural Development Company of Trinidad and Tobago Limited, which comprise the statement of financial position as at 30 September 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, 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.

Auditor's 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 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rural Development Company of Trinidad and Tobago Limited as at 30 September 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

22 January 2016
Port of Spain
Trinidad, West Indies

CB Wharfe (Senior Partner), L Awai, F Aziz Mohammed, BA Hackett, H Mohammed, NA Panchoo, SW Ramirez, A West

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Rural Development Company of Trinidad and Tobago Limited

Statement of Financial Position
(Expressed in Trinidad and Tobago Dollars)

	Notes	30 September 2013 $	30 September 2012 $
Assets			
Non-current assets			
Property, plant and equipment	3	1,495,755	1,333,181
Deferred tax asset	13 b	--	2,170,500
		1,495,755	3,503,681
Current assets			
Receivable - community projects	4	59,151,484	2,395,103
Receivable - retention	5	1,774,427	4,613,243
Receivable - large farm projects		4,697	4,697
Receivable - road rehabilitation and drainage	6	--	1,653,219
Receivable - Moruga project	7	--	500,154
Other receivables and prepayments		26,879	30,027
Taxation recoverable		66,629	58,243
Cash at bank and in hand		1,054,092	18,791,952
		62,078,208	28,046,638
Total assets		63,573,963	31,550,319
Equity and liabilities			
Capital and reserves			
Share capital	8	10	10
Capital contributions	9	8,999,990	8,999,990
Accumulated deficit		(5,832,785)	(3,700,501)
		3,167,215	5,299,499
Current liabilities			
Due to contractors	10	58,426,427	25,678,514
Project advances	11	215,286	76,422
Payables and accruals		1,765,035	495,884
		60,406,748	26,250,820
Total equity and liabilities		63,573,963	31,550,319

The notes on pages 6 to 16 are an integral part of these financial statements.

The financial statements were authorised for issue by the board of directors on 20 January 2016.

Cmaharaj _______________ Director   Rodney Logan _______________ Director

Rural Development Company of Trinidad and Tobago Limited

Statement of Comprehensive Income
(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 September 2013 $	2012 $
Income			
Project management fees		4,349,650	1,357,953
Design fees		1,846,622	238,116
Other income		283,540	143,330
Total operating income		6,479,812	1,739,399
Expenses			
Personnel	12.a	(3,388,277)	(2,513,738)
Administrative	12.a	(3,044,572)	(1,868,895)
Project	12.a	(41,366)	(58,885)
Other	12.a	(2,100)	(11,000)
		(6,476,315)	(4,452,518)
Operating profit/(loss)		3,497	(2,713,119)
Other income – bank interest		50,104	82,730
Profit/(loss) before taxation		53,601	(2,630,389)
Taxation (charge)/credit	13.a	(2,185,885)	773,537
Loss after taxation		(2,132,284)	(1,856,852)
Other comprehensive income		--	--
Total comprehensive loss		(2,132,284)	(1,856,852)

The notes on pages 6 to 16 are an integral part of these financial statements.

Rural Development Company of Trinidad and Tobago Limited

Statement of Changes in Equity
(Expressed in Trinidad and Tobago Dollars)

	Share capital $	Capital contributions $	Accumulated deficit $	Total $
Year ended 30 September 2012				
Balance as at 1 October 2011	10	4,999,990	(1,843,649)	3,156,351
Funds from shareholder (Note 9)	--	4,000,000	--	4,000,000
Total comprehensive loss	--	--	(1,856,852)	(1,856,852)
Balance at 30 September 2012	10	8,999,990	(3,700,501)	5,299,499
Year ended 30 September 2013				
Balance as at 1 October 2012	10	8,999,990	(3,700,501)	5,299,499
Total comprehensive loss	--	--	(2,132,284)	(2,132,284)
Balance at 30 September 2013	10	8,999,990	(5,832,785)	3,167,215

The notes on pages 6 to 16 are an integral part of these financial statements.

Rural Development Company of Trinidad and Tobago Limited

Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Year ended 30 September 2013 $	2012 $
Cash flows from operating activities		
Profit/(loss) before taxation	53,601	(2,630,389)
Adjustment for:		
Depreciation	231,345	192,353
Loss on disposal	40,774	--
Other fixed assets adjustments	(42,640)	11,989
Operating profit /(loss) before changes in current assets/liabilities	283,080	(2,426,047)
(Increase)/decrease in receivables from ministries	(51,764,192)	15,526,910
Decrease/(increase) in other receivables and prepayments	3,148	(7,439)
Increase/(decrease) in payables and accruals	1,269,151	(355,929)
Increase in amounts due to contractors	32,747,913	1,776,557
Net project advances from ministries	138,864	(1,917,312)
Cash (used in)/generated from operating activities	(17,322,036)	12,596,740
Taxation paid	(23,771)	(11,107)
Net cash (used in)/generated from operating activities	(17,345,807)	12,585,633
Investing activities		
Purchase of fixed assets	(440,171)	(185,850)
Proceeds from disposal of fixed assets	48,118	64,872
Net cash used in investing activities	(392,053)	(120,978)
Financing activities		
Increase in advances from shareholder	--	4,000,000
Net cash provided by financing activities	--	4,000,000
Net (decrease)/increase in cash and cash equivalents	(17,737,860)	16,464,655
Cash and cash equivalents, beginning of year	18,791,952	2,327,297
Cash and cash equivalents, end of year	1,054,092	18,791,952

The notes on pages 6 to 16 are an integral part of these financial statements.

1 General information

The Company was incorporated in the Republic of Trinidad and Tobago on May 02, 2005. The address of its registered office is Caroni (1975) Limited Central Office, Factory Road, Brechin Castle, Couva. The Company is wholly owned by the Government of the Republic of Trinidad and Tobago.

Its principal activity is to identify and implement development projects in rural communities in Trinidad on behalf of the Government of Trinidad and Tobago to fully develop the communities for a better standard of living in those areas. These activities are carried out in accordance with the Infrastructure Development Fund Agreement between the Ministry of Local Government and the Company. The function of the Company is to provide project management services including procuring of contractors for the implementation of approved development projects on behalf of the Government of Trinidad and Tobago. From this function, the Company earns a project management fee and where applicable, a design fee.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. *Basis of preparation*

These financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

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 and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Going concern

The Company continues to adopt the going concern basis in preparing its financial statements notwithstanding the net loss after taxation and the accumulated deficit at 30 September 2013.

Management has assessed the Company's ability to continue as a going concern based on the following factors:

- Subsequent to the year-end the Company has received approval and indication of funding from the Ministry of Local Government to execute several development projects in designated rural areas.
- Management has the physical and personnel resources available to execute the said projects.
- There is no decision or intention to cease operations of the company.
- Its current assets exceed its current liabilities.
- The entity's objective is not to operate as a 'for-profit' entity.

Management is satisfied that these projects will earn sufficient income to meet the Company's obligations.

2 **Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(i) *Changes in accounting policy and disclosures*

(a) *New standards, amendments and interpretations adopted by the Company*

The standards, amendments and interpretations that were effective for the financial year beginning 1 January 2013 did not have a significant impact on the Company's financial statements. These included the following:

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
- Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offseting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

(b) *New standards and interpretations not yet adopted*

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 October 2012 and not early adopted. These standards are not expected to have a material impact on the Company's financial statements:

- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. This is not expected to have any significant impact on the Company's financial statements.
- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests.

2 **Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(i) *Changes in accounting policy and disclosures (continued)*

(b) *New standards and interpretations not yet adopted*

- IFRS 9, 'Financial instruments' (continued)
  It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact.

- IFRS 15 'Revenue from Contracts with Customers', The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. Management is currently assessing the impact of the new rules

- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory for the Company until 1 January 2014. This is not expected to have any significant impact on the Company's financial statements.

- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not expected to be material.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2 **Summary of significant accounting policies (continued)**

b. *Property, plant and equipment*

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated on the following basis at varying rates which are considered appropriate to write off the cost of assets over their estimated useful lives as follows:

Straight-line:		
Leasehold Improvements	-	Over the period of 15 years
Security system, site signs and equipment	-	15% - 20%
Reducing balance:	-	
Motor vehicles, computer equipment	-	25%
Office furniture and equipment	-	15% - 20%

Repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

c. *Foreign currencies*

(i) *Functional and presentation currency*

The Company's "functional and presentation currency" is in Trinidad and Tobago dollars, which is the currency of the primary economic environment in which the Company operates.

(ii) *Foreign currency transactions and balances*

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Year-end balances are translated at year-end exchange rates.

2 **Summary of significant accounting policies (continued)**

d. *Taxation*

(i) *Current taxes*

Current tax is the expected taxation payable on the taxable income for the year, using the tax rates in force at the statement of financial position date.

(ii) *Deferred income taxes*

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation on fixed assets and tax losses not yet utilised at the statement of financial position date.

e. *Financial instruments*

Financial instruments carried on the statement of financial position include cash and bank balances, amounts receivable and payable. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

f. *Financial risk management*

(i) *Credit risk*

Credit risk arises mainly from cash and cash equivalents as well as credit exposure to receivable balances. With regard to cash and cash equivalents, deposits are held with banks and financial institutions with a sound current and past operating history, and risk of loss is considered as being minimal. The receivable balances relate to amounts due from certain Government Ministries and collection of amounts outstanding are considered to be virtually assured.

(ii) *Foreign exchange risk*

The vast majority of the Company's business is in the local currency and therefore there is minimal foreign exchange risk.

(iii) *Price risk*

The Company is not exposed to commodities or securities price risk.

(iv) *Liquidity risk*

Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's day to day operational expenses as well as the cash flow requirements for settling contractor balances. The Company does not have any borrowings or other interest bearing debts. As at 30 September 2013, the contractual obligations were in relation to contractor balances, the balances being due within 12 months of the statement of financial position date.

(v) *Fair value estimation*

The nominal values less impairment provision of trade receivables and payables are assumed to approximate their fair values.

2 Summary of significant accounting policies (continued)

g. *Cash and cash equivalents*

For the purposes of the cash flow statement, cash and cash equivalents represent cash in hand and deposits held at call with First Citizens Bank Limited.

h. *Income recognition*

The Company derives operating income primarily from the following sources:
a. Project management fees
b. Design fees

Project management fees and design fees are based on a percentage (7½% and 2% respectively) of funds disbursed by Government for development projects. Income is recognised on the accrual basis using the value of contract cost certified. Fees received in advance are deferred and recognised over the duration of the projects.

Interest income is recognised on the accrual basis unless collectability is in doubt.

i. *Trade receivables*

Receivables are recognised when liabilities have been recognised by the Company on behalf of the Ministries and are recorded at fair value less provision for impairment. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows. The amount of the provision is recognised in the statement of comprehensive income within 'administrative expenses'.

j. *Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

k. *Share capital*

Common shares are classified as equity.

l. *Employee retirement benefits*

The Company has no retirement benefit plans for its employees. In lieu of a pension, the Company pays employees a gratuity of 20% of their basic salary for each month of service until the end of their contract which is usually within 12 months of the statement of financial position date.

3 Property, plant and equipment

	Office furniture $	Computer equipment $	Motor vehicles $	Leasehold improvement $	Office equipment $	Security system $	Site sign and equipment $	Total $
At 1 October 2011								
Cost	357,045	401,182	793,866	1,065,370	303,787	36,135	--	2,957,385
Accumulated depreciation	(232,008)	(311,985)	(496,607)	(322,179)	(162,645)	(20,409)	--	(1,545,833)
Net book amount	125,037	89,197	297,259	743,191	141,142	15,726	--	1,411,552
Year ended 30 September 2012								
Opening net book amount	125,037	89,197	297,259	743,191	141,142	15,726	--	1,411,552
Additions	62,219	10,500	--	--	110,331	--	2,800	185,850
Disposals and adjustments	(6,996)	(572)	(64,300)	--	--	--	--	(71,868)
Depreciation charge	(26,479)	(23,334)	(60,229)	(51,196)	(25,450)	(3,145)	(2,520)	(192,353)
Closing net book amount	153,781	75,791	172,730	691,995	226,023	12,581	280	1,333,181
At 30 September 2012								
Cost	412,268	411,110	547,493	1,065,370	414,118	36,135	2,800	2,889,294
Accumulated depreciation	(258,487)	(335,319)	(374,763)	(373,375)	(188,095)	(23,554)	(2,520)	(1,556,113)
Net book amount	153,781	75,791	172,730	691,995	226,023	12,581	280	1,333,181
Year ended 30 September 2013								
Opening net book amount	153,781	75,791	172,730	691,995	226,023	12,581	280	1,333,181
Additions	--	61,848	369,343	--	8,980	--	--	440,171
Disposals and adjustments	(2,532)	(8,723)	(107,263)	73,209	(237)	(468)	(238)	(46,252)
Depreciation charge	(30,249)	(31,074)	(77,924)	(54,649)	(34,919)	(2,488)	(42)	(231,345)
Closing net book amount	121,000	97,842	356,886	710,555	199,847	9,625	--	1,495,755
At 30 September 2013								
Cost	412,268	461,508	678,977	1,065,370	423,098	35,807	2,800	3,079,828
Accumulated depreciation	(291,268)	(363,666)	(322,091)	(354,815)	(223,251)	(26,182)	(2,800)	(1,584,073)
Net book amount	121,000	97,842	356,886	710,555	199,847	9,625	--	1,495,755

3 a. The Company occupies land and building formerly owned by Caroni (1975) Limited. It is in the process of finalising arrangements with relevant state entities for the occupation of the property, following the cessation of activities of Caroni (1975) Limited. Pending completion of final arrangements leasehold improvements are being amortised over a 15 year period on a straight-line basis.

4 Receivable – community projects

This relates to amounts due from the Ministry of Local Government for the reimbursement of the cost of construction works completed as well as management fees as at the end of 30 September 2013.

	2013 $	2012 $
Receivable community projects	59,414,392	2,395,103
Bad debt provision (spatial planning)	(262,908)	--
	59,151,484	2,395,103

5 Receivable – retention

This related to amounts due from the Ministry of Local Government for the payment of retention balances to contractors after successful completion of projects.

6 Receivable – road rehabilitation and drainage

This related to amounts due from the Ministry of Local Government for road works completed as well as management fees due for the Road Rehabilitation and Drainage programme. All amounts have been collected.

7 Receivable – Moruga project

This related to amounts due from Ministry of Food Production, Land and Marine Affairs for the reimbursement of the cost of construction works completed as well as management fees and have been assessed by management as being impaired.

	2013 $	2012 $
Receivable Moruga projects	500,154	500,154
Bad debt provision	(500,154)	--
	--	500,154

8 Share capital

	2013 $	2012 $
Authorised		
Unlimited number of ordinary shares of no par value		
Issued and fully paid		
10 shares of no par value	10	10

9 Capital contributions

This balance comprises amounts received from the Ministry of Finance for the establishment of the Company and to cover specific shortfalls in its operations. The Company accounts for these balances as capital contributions.

	2013 $	2012 $
Balance brought forward	8,999,999	4,999,999
Contribution received	--	4,000,000
	8,999,999	8,999,999

10 Due to contractors

	2013 $	2012 $
Due to contractors – work in progress	33,941,348	5,990,442
Due to contractors – completed projects	24,485,079	19,688,072
	58,426,427	25,678,514

The works in progress relates to billings from contractors on jobs that are still on-going at 30 September 2013. The completed projects relate to amounts due to contractors for construction works completed as at 30 September 2013 and comprises the following:

	2013 $	2012 $
Due to contractors – community projects	22,710,652	15,074,829
Retentions payable	1,774,427	4,613,243
	24,485,079	19,688,072

11 Project advances

This balance represents advances received for community and other projects which have not yet been disbursed. The balance at the year end relates to advances from:

	2013 $	2012 $
Ministry of Agriculture, Land and Marine Resources	126,611	524
Ministry of Local Government	--	(12,777)
Regional Corporations	88,675	88,675
	215,286	76,422

12 Expenses by nature

	2013 $	2012 $
Personnel costs (Note 12 a.)	3,388,277	2,513,738
Bad debts	763,062	--
Director fees	636,750	697,500
OJT allowance	239,288	44,405
Depreciation	231,345	192,353
Travelling	182,865	72,737
Security	155,484	172,013
Other expenses	879,244	759,772
	6,476,315	4,452,518

a. *Personnel costs*

	2013 $	2012 $
Salaries and wages	2,703,530	2,026,769
Gratuity	439,255	339,235
Employer's NIS contribution	166,855	95,523
Other staff costs	78,637	52,211
	3,388,277	2,513,738

13 Taxation

a. *Taxation (charge)/credit*

	2013 $	2012 $
Green fund levy expense	--	(2,037)
Business levy expense	(15,338)	(4,074)
Deferred tax (charge)/credit (Note 13 b.)	(2,170,500)	777,880
Other tax adjustment	(47)	1,768
	(2,185,885)	773,537

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2013 $	2012 $
(Profit)/loss before taxation	(53,601)	2,630,389
Tax calculated at 25%	(13,400)	657,597
Green fund levy	--	(2,037)
Business levy	(15,338)	(4,074)
Expenses not allowed for tax	(113,954)	(87,559)
Prior year (under)/over provision	(47)	1,768
Income not subject to tax and other allowances	123,288	180,256
Losses derecognised	(2,166,434)	--
Other timing differences	--	27,586
	(2,185,885)	773,537

13 Taxation (continued)

	2013 $	2012 $
b. *Deferred taxation*		
Liability due to accelerated depreciation:		
Beginning of year	(105,781)	(111,105)
(Charge)/credit for the year	(4,066)	5,324
End of year	(109,847)	(105,781)
Asset due to tax losses:		
Beginning of year	2,276,281	1,503,725
(Charge)/credit for the year	(2,166,434)	772,556
End of year – limited to amount of the deferred tax liability	109,847	2,276,281
Result of set-off of deferred tax asset and liability – net assets	--	2,170,500
Net deferred tax (charge)/credit (Note 13 a.)	(2,170,500)	777,880

The deferred tax asset has been de-recognised due to the uncertainty in the timing as to when the Company would be able to generate taxable profits to utilise the tax losses.

Tax losses of approximately $8.8m are available to carry forward against future profits. These losses have not yet been agreed with the Board of Inland Revenue.