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- *Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization.*

The amendments clarify the principle of IAS 16 and IAS 38, that revenues reflect a pattern of economic benefits generated from operating a business (which the asset is part) rather than the economic benefits consumed through use of the asset. As a result, the depreciation method based on income cannot be used to depreciate property, plant and equipment and may only be used in very limited to the amortization of intangibles circumstances. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

It is not expected that the above amendments will have a significant impact for the Company.

4. Judgments, estimates and significant accounting assumptions

The preparation of financial statements requires Management to make judgments, accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the end of the reporting period under review. These judgments and estimates are based on Management's best knowledge about the relevant facts and circumstances, taking into account previous experience, however, the results may differ from the amounts included on the financial statements. Information about such judgments and estimates is contained in the accounting policies and / or in the notes to the financial statements.

The main areas of uncertainty associated with the estimates and critical judgments made by Management in the preparation of financial statements include:

- Estimation of useful life of property, plant and equipment and intangible assets, residual values and impairment, note 3.2(d), 3.2(e) and 3.2(f).
- Estimation of income tax, note 3.2(k).
- Contingencies, note 3.2(i).

Any differences in the estimates with subsequent actual results are reported in the year in which they occur.

5. Cash and cash equivalents

- (a) Following is the composition of this caption:

	2014	2013
	S/.	S/.
Current accounts(b)	894,961	817,926
Trust fund account(c)	4,077,928	9,556,435
Overnight deposits(d)	—	5,452,800
	<u>4,972,889</u>	<u>15,827,161</u>

- (b) As of December 31, 2014 and 2013, the Company keeps current bank accounts in local financial entities, denominated in local currency and foreign currency, which are unrestricted and do not bear interest.

- (c) As of December 31, 2014 and 2013, this balance corresponds to disbursements received from the syndicated loan the Company has with Banco Internacional del Perú S.A.A., the Corporación Andina de Fomento (CAF) and the Corporación Financiera de Desarrollo S.A.

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