



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

The accompanying Financial Statements of the National Agricultural Marketing and Development Corporation for the year ended 30th September, 2013 have been audited. The Statements as set out on pages 1 to 15 comprise a Statement of Financial Position as at 30th September, 2013, and the Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 30th September, 2013 and Notes to the Financial Statements numbered 1 to 23, including a summary of significant accounting policies.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The management of the National Agricultural Marketing and Development Corporation (the Corporation) is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting stated at Notes 2(a) and 2(g) to the financial statements, 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

3. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit. The audit was carried out in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and section 24 of the National Agricultural Marketing and Development Corporation, Act, Chapter 63:05 (the Act). The audit was conducted in accordance with accepted auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. 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 judgment, 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.

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the audit opinion.

OPINION

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Agricultural Marketing and Development Corporation as at 30th September, 2013 and of its financial performance and its cash flows for the year then ended in accordance with the basis of accounting stated at Notes 2(a) and 2(g) to the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

PENSION PLAN

7. A Pension Plan has not been established to date as required by section 15(2) of the Act which states:

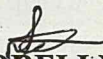
“The Corporation shall, within two years of its coming into being, establish a pension scheme by rules confirmed by the Minister, which shall be no less favourable than the scheme established for the benefit of officers and staff of the Agency.”

SUBMISSION OF REPORT

8. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

28th June, 2019
PORT OF SPAIN




LORELLY PUJADAS
AUDITOR GENERAL



**NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT
CORPORATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

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NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER, 2013

(with comparative figures as at 30th September, 2012)

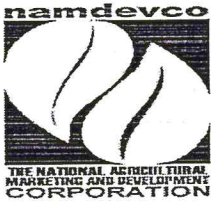
	Notes	30.09.2013 \$	Restated 30.09.2012 \$
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	52,574,434	38,153,937
Investments	4	9,533,021	10,642,713
		<u>62,107,455</u>	<u>48,796,650</u>
Current Assets			
Receivables and Prepayments	5	1,383,500	3,805,846
Advances	6	1	1
Cash in Hand and at Bank	7	55,425,849	42,786,196
		<u>56,809,350</u>	<u>46,592,043</u>
TOTAL ASSETS		<u>118,916,805</u>	<u>95,388,693</u>
EQUITY AND LIABILITIES			
Equity and Reserves			
Capital	8	4,339,171	4,339,171
Revaluation Reserve	9	10,038,212	10,038,212
Accumulated Fund	10	50,871,916	52,989,803
Total Equity		<u>65,249,299</u>	<u>67,367,186</u>
Non-Current Liabilities			
Deferred Government Grants	11	32,885,504	12,974,406
Development Programme	12	10,220,632	10,220,632
		<u>43,106,136</u>	<u>23,195,038</u>
Current Liabilities	13	10,561,370	4,826,469
TOTAL EQUITY AND LIABILITIES		<u>118,916,805</u>	<u>95,388,693</u>



Sumelle Debjani - Luvell
 Chief Executive Officer
 Dated: 21/2/19

[Signature]
 Chairman/Director
 Dated: 26.2.19

The accompanying notes form an integral part of these financial statements.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

	Notes	2013 \$	Restated 2012 \$
INCOME			
Government Subventions		34,659,485	46,865,500
Wholesale Produce Market		3,028,370	2,598,781
Other Receipts	14	1,940,231	2,264,634
Wholesale Fish Market		381,782	311,927
Interest		170,878	176,954
		<u>40,180,746</u>	<u>52,217,796</u>
EXPENDITURE			
Goods and Services	15	26,248,586	17,935,055
Personnel	16	10,975,274	8,869,920
Current Transfers and Subsidies	17	3,351,642	3,305,731
Recurrent Grants Transferred to Capital	18	1,723,131	651,322
		<u>42,298,633</u>	<u>30,762,028</u>
Total Comprehensive (DEFICIT)/SURPLUS for the year		<u>(2,117,887)</u>	<u>21,455,768</u>

The accompanying notes form an integral part of these financial statements.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

	Notes	2013 \$	Restated 2012 \$
CAPITAL			
Balance at October 1		4,339,171	4,339,171
Movements for the year		-	-
Balance at September 30		<u>4,339,171</u>	<u>4,339,171</u>
REVALUATION RESERVE			
Balance at October 1		10,038,212	10,038,212
Movement for the year		-	-
Balance at September 30		<u>10,038,212</u>	<u>10,038,212</u>
ACCUMULATED FUND			
Balance at October 1 - originally reported		52,989,803	34,366,090
Prior Year Adjustment (See Note 22)		-	(2,832,055)
Balance at October 1 - restated		<u>52,989,803</u>	<u>31,534,035</u>
Surplus/(Deficit) Income for the year		(2,117,887)	21,455,768
Balance at September 30		<u>50,871,916</u>	<u>52,989,803</u>
TOTAL EQUITY		<u><u>65,249,299</u></u>	<u><u>67,367,186</u></u>

The accompanying notes form an integral part of these financial statements.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

	2013	Restated 2012
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Comprehensive (Deficit)/Surplus	(2,117,887)	21,455,768
Adjustments for:		
Depreciation	1,544,913	1,431,683
Deferred Grant Income	(463,601)	(208,971)
Gain on disposal of property, plant and equipment	(44,151)	-
Interest income	(170,878)	(176,954)
Recurrent Subvention Utilised as Capital grants	1,723,131	651,322
Decrease/(Increase) in receivables and prepayments	2,419,346	(2,796,771)
Increase/(Decrease) in payables and accruals	5,734,901	(679,631)
 Net Cash from/(used in) operating activities	<u>8,625,774</u>	<u>19,676,446</u>
 INVESTING ACTIVITIES		
Additions to property, plant and equipment	(16,049,963)	(4,990,554)
Proceeds from disposal of property, plant and equipment	128,704	-
Decrease/(Increase) in Money Market investment	1,109,692	1,514,258
Interest Income received	173,878	166,620
 Net cash used in investing activities	<u>(14,637,689)</u>	<u>(3,309,676)</u>
 FINANCING ACTIVITIES		
Capital Grants received	18,651,568	9,700,000
 Net cash from financing activities	<u>18,651,568</u>	<u>9,700,000</u>
 Net increase/(decrease) in cash	<u>12,639,653</u>	<u>26,066,770</u>
 Net cash at beginning of year	<u>42,786,196</u>	<u>16,719,426</u>
Net cash at end of year	<u><u>55,425,849</u></u>	<u><u>42,786,196</u></u>

The accompanying notes form an integral part of these financial statements.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

1 INCORPORATION AND PRINCIPAL ACTIVITIES

National Agricultural Marketing and Development Corporation (NAMDEVCO) was established by an Act of the Parliament of Trinidad and Tobago which was assented to on 16th August, 1991. By this Act, the assets, liabilities and operations of the Central Marketing Agency was transferred to the Corporation which is primarily engaged in the marketing of agricultural produce and the operation of wholesale markets in the Trinidad and Tobago.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared under the historical cost convention and with reference to International Financial Reporting Standards (IFRSs). The Corporation has not adopted early any new and revised IFRS's and IFRIC interpretations that have been issued but not yet effective. These are not expected to have a material impact on the Corporation's financial position or comprehensive income.

(b) Property, Plant and Equipment

Certain Properties are stated at valuation whilst all other Property Plant and Equipment are stated at cost and are depreciated on a reducing balance basis, from the month following acquisition, at the following rates:

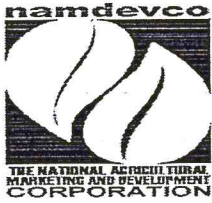
Building and Building Improvements	2%
Plant and Machinery	20%-25%
Furniture and Fittings	10%-25%
Implements and Tools	10%
Motor Vehicles	25%

(c) Taxation

The Corporation is exempted from Income Tax by virtue of its incorporation Act.

(d) Foreign Currencies

Transactions in foreign currencies are initially recorded in Trinidad and Tobago dollars at the rate ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign currency spot rate of exchange ruling at the report date. Exchange differences on foreign currency transaction are recognised in the Statement of Comprehensive Income.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

(e) Investments

The classification of Investments is dependent on the purpose for which they were acquired at the time of purchase and re-evaluated on a regular basis. As at the balance sheet date, the Corporation has classified its investments as available-for-sale investments which are intended to be held for an indefinite period but may be sold to meet short term liquidity needs or as a result of changes in rates of return.

(f) Use of Estimates and Judgements

The preparation of these financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the report amount of assets, liabilities, income and expenditure.

(g) Revenue Recognition

Revenue (rents and dues) from the rental of NAMDEVCO's market spaces and facilities under informal arrangements, without written contracts, are accounted for on a cash basis. Revenue from other rental arrangements under written contracts which are normally for periods more than one year is accounted for on an accrual basis.

(h) Government Grants

Grants from the government are recognised at fair value when there is reasonable assurance that they will be received and the Corporation will comply with all attached conditions. Grants received to cover recurring expenditure are recognised in the Statement of Comprehensive Income at the same time the recurring expenditures are recognised. Grants received to fund capital expenditure are accumulated in the 'Deferred Government Grants' account and amortised into the Statement of Comprehensive Income over the lives of the related assets.

(i) Accounts Receivable

Accounts receivable is carried at realisable value after allowance for any specific doubtful elements.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

(j) Provisions

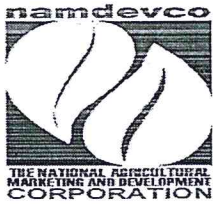
Provisions are recorded when the Corporation has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2013
(with comparative figures for the year ended 30th September, 2012)

3 PROPERTY PLANT AND EQUIPMENT

	COST/REVALUATION			ACCUMULATED DEPRECIATION						
	Balance 30.09.12	Revaluation & Additions	Disposals	Balance 30.09.13	Balance 30.09.12	Charge for Year	Disposals	Balance 30.09.13	NBV 30.09.13	NBV 30.09.12
Land	9,850,000	-		9,850,000	-	-		-	9,850,000	9,850,000
Buildings & Building Improvements	29,095,212	6,734,658		35,829,870	5,462,408	566,597		6,029,005	29,800,865	23,632,804
Office Furniture & Equipment	4,137,258	459,442		4,596,700	2,525,244	315,722		2,840,966	1,755,734	1,612,014
Plant & Machinery	3,055,270	1,153,932		4,209,202	1,641,192	356,755		1,997,947	2,211,255	1,414,078
Implements & Tools	928,605	-		928,605	306,281	54,050		360,331	568,274	622,324
Motor Vehicle	3,218,022	174,329	(163,523)	3,228,828	2,195,305	251,789	(78,970)	2,368,124	860,704	1,022,717
Capital Work In Progress	-	7,527,602		7,527,602	-			-	7,527,602	-
	50,284,367	16,049,963	(163,523)	66,170,807	12,130,430	1,544,913	(78,970)	13,596,373	52,574,434	38,153,937



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

	2013	Restated 2012
	\$	\$
4 INVESTMENTS		
Money Market Fund investments	<u>9,533,021</u>	<u>10,642,713</u>
These investments generate interest income in the range of 1% to 2% per annum.		
5 RECEIVABLES AND PREPAYMENTS		
Receivables	12,042,287	14,254,082
Less: Provision for Doubtful Debts	<u>(10,738,140)</u>	<u>(10,738,140)</u>
	1,304,147	3,515,942
Prepayments	<u>79,353</u>	<u>289,904</u>
	<u>1,383,500</u>	<u>3,805,846</u>
6 ADVANCES		
Paddy	8,787,673	8,787,673
Livestock	1,113,553	1,113,553
Less: Provision for Doubtful Recovery	<u>(9,901,225)</u>	<u>(9,901,225)</u>
	<u>1</u>	<u>1</u>
This balance represents amounts owing by the Ministry of Agriculture Land and Marine Resources to the Corporation for paddy and livestock feeds supplied.		
7 CASH IN HAND AND AT BANK		
Cash in hand	575	515
Cash at Bank	<u>55,425,274</u>	<u>42,785,681</u>
Balance at September 30	<u>55,425,849</u>	<u>42,786,196</u>

Cash at Bank comprises the cash held in operating accounts that bear interest income of approximately 1% per annum. Included in Cash at Bank is \$139,000 (2012: \$142,000) denominated in US dollars.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

	2013	Restated 2012
	\$	\$
8 CAPITAL ACCOUNT		
Balance brought forward	4,339,171	4,339,171
Other movements for the year	-	-
	<u>4,339,171</u>	<u>4,339,171</u>

9 REVALUATION RESERVE

Balance at September 30	<u>10,038,212</u>	<u>10,038,212</u>
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This balance represents the revaluation surplus on the Corporation's lands located in Debe, San Fernando and Toco.

10 ACCUMULATED FUND

Balance brought forward- originally reported	52,989,803	34,366,090
Prior Year Adjustment (See Note 22)	-	(2,832,055)
Balance brought forward- restated	52,989,803	31,534,035
Surplus/(Deficit) Income for the year	(2,117,887)	21,455,768
Balance at September 30	<u>50,871,916</u>	<u>52,989,803</u>

The balance represents the accumulation of annual recurrent surpluses and deficits.

11 DEFERRED GOVERNMENT GRANTS

Balance brought forward- originally reported	12,974,406	-
Prior Year Adjustment (See Note 22)	-	2,832,055
Balance brought forward- restated	12,974,406	2,832,055
Deferred Grant Income	(463,601)	(208,971)
Government Subvention - Capital	18,651,568	9,700,000
Recurrent Subventions transferred to Capital	1,723,131	651,322
Balance at September 30	<u>32,885,504</u>	<u>12,974,406</u>

The balance represents the accumulation capital grants received net of amounts amortised as deferred grants income.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

	2013	Restated 2012
	\$	\$
12 DEVELOPMENT PROGRAMME	<u>10,220,632</u>	<u>10,220,632</u>
<p>This balance represents Government Grants received for capital projects.</p>		
13 CURRENT LIABILITIES		
Payables and accruals	9,593,794	3,287,525
VAT Payable	<u>967,576</u>	<u>1,538,944</u>
	<u>10,561,370</u>	<u>4,826,469</u>
14 OTHER RECEIPTS		
Deferred Grant Income	463,601	208,971
Rents	-	1,076,700
Market and Public Relations	1,308,558	856,363
Other	123,921	122,600
Gain on disposal of property, plant and equipment	<u>44,151</u>	-
	<u>1,940,231</u>	<u>2,264,634</u>



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

	2013	Restated 2012
	\$	\$
15 GOODS AND SERVICES		
Contract employment	9,824,630	7,766,093
Security	3,160,452	2,642,888
Non-recoverable VAT	2,715,425	1,274,305
Promotion, Publicity and Printing	2,021,839	1,990,177
Fees	1,762,665	512,173
Short term employment	957,897	440,939
Rent Motor vehicles and equipment	814,692	57,311
Electricity	775,194	759,032
Office Stationery and Supplies	596,950	382,834
Insurance	591,529	428,972
Repairs and maintenance of buildings	502,786	361,070
Other Contracted services	578,450	168,904
Telephones	398,829	271,441
Water and Sewerage Rates	233,474	138,375
Maintenance of Vehicles	219,941	200,691
Overseas travel	180,837	2,995
Travelling	175,728	78,343
Repairs and maintenance of equipment	169,080	115,164
Rent Accomodation	153,000	78,000
Uniforms	151,298	64,587
Materials and Supplies	114,190	103,875
Training	81,713	21,900
Hosting Conferences	27,225	28,046
Postage	16,465	10,657
Books and Periodicals	9,605	17,623
Bank Charges	8,914	17,649
Medical expenses	5,778	1,011
	<u>26,248,586</u>	<u>17,935,055</u>



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

	2013	Restated 2012
	\$	\$
16 PERSONNEL EXPENDITURE		
Wages, allowances and Overtime	6,546,153	4,309,988
Salaries	3,466,016	3,574,096
Government contribution to NIS	601,012	568,709
Directors' fees	362,093	417,127
	<u>10,975,274</u>	<u>8,869,920</u>
17 CURRENT TRANSFERS AND SUBSIDIES		
Pensions	1,522,481	1,549,445
Depreciation	1,544,913	1,431,683
Gratuities	284,248	324,603
	<u>3,351,642</u>	<u>3,305,731</u>
18 RE-CURRENT GRANTS TRANSFERRED TO CAPITAL		
Support for Agro - Packing Houses	643,849	-
Tech Pack	64,572	-
Other Minor Equipment	445,518	493,323
Office Equipment	283,315	213,379
Furniture and Furnishings	176,120	96,883
Motor Vehicles	174,329	-
Addition to property, plant and equipment	<u>1,787,703</u>	<u>803,585</u>
Funded from capital grants	(64,572)	(152,263)
	<u>1,723,131</u>	<u>651,322</u>
19 DEVELOPMENT PROGRAMME		
Building Improvement - New Packing Houses	7,527,602	-
Building Improvement - SWM	2,099,082	160,410
Building Improvement - OVFM	1,436,764	2,585,654
Building Improvement - POSFM	1,429,736	-
Building Improvement - NWM	1,344,335	978,420
Building Improvement - PPH	424,741	462,485
Addition to property, plant and equipment	<u>14,262,260</u>	<u>4,186,969</u>



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

20 CONTINGENT LIABILITIES

There exists a number of claims and legal action made against the Corporation which are being defended for which no provision has been made in these financial statements as the outcome of those matters are uncertain at this time.

21 OPERATING LEASE ARRANGEMENTS

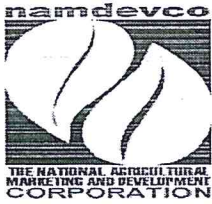
The Corporation has lease agreements with government authorities for certain lands that it occupies. The Corporation does not have the option to purchase any of the lands and due to this and other terms, the leases are accounted for as operating leases. Where lease agreements have expired, the Corporation is in the process of executing new agreements.

For the current year, payments of \$45,000 (2012: \$60,000) relating to these leases are recognised as expenses under 'Rent Accomodation'.

Lands Occupied Under Operating Leases:	Expiry Date
Southern Wholesale Market	June 2104
Port of Spain Wholesale Fish Market	Expired
Orange Valley Fish Market	Expired
Piarco Packing House	July 2043
Chacon Street and South Quay	Expired
King's Wharf San Fernando	Expired

22 PRIOR YEAR ADJUSTMENT

The Corporation adopted IAS 20 - Accounting for Government Grants and Disclosure of Government Asssitance - for financial year ended September 30 2013. This accounting standard was applied retrospectively and accordingly \$2,832,055 was transferred from Accumulated Fund as the opening balance of 'Deferred Government Grants' which represents the unamortised portion of government grants received for capital projects at October 1 2011. Such capital grants are being amortised as deferred grant income over the lives of the related capital projects. Further, amortised deferred grant income was reassessed for the year ended September 30 2012 resulting in a reduction in the amount credited to the Statement of Comprehensive Income from \$1,380,763 to \$208,971.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

(with comparative figures for the year ended 30th September, 2012)

23 RISKS MANAGEMENT

The activities of the Corporation expose it to a number of financial risk, namely, credit risks, interest rate risks, foreign currency exchange rate risks and liquidity.

The Board of Directors is responsible for overall risk management policies and strategies within the framework of the National Agricultural Marketing and Development Corporation Act and other Government regulations whilst executive management is responsible for implementing the strategies and adhering to the said policies.

Credit risks arise from trade receivables and deposits and cash investments with financial institutions. This risk is principally managed by vetting of the parties who are allowed trade credit and with whom the Corporation places its cash deposits. With respect to interest rate risk, the Corporation is exposed mainly on its cash deposits which attract interest income that, however, constitute less than 1% of the Corporation's total income.

The Corporation does not have any debt capital and as such is not exposed to interest rate risk on the expense side.

The Corporation is exposed to foreign currency exchange rate risk to a minimal extent as only a very few of its transactions, mainly purchases of equipment and supplies, are conducted directly in foreign currencies. This risk is managed by having very short settlement periods. The Corporation manages its liquidity risk, that is, its ability to meet payment obligations as they fall due, by strictly adhering to the approved limits on expenditure which is largely covered by Government subventions.