



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, 2014

The accompanying Financial Statements of the National Agricultural Marketing and Development Corporation for the year ended 30th September, 2014 have been audited. The Statements as set out on pages 1 to 15 comprise a Statement of Financial Position as at 30th September, 2014, and the Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 30th September, 2014 and Notes to the Financial Statements numbered 1 to 22, 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, 2014 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

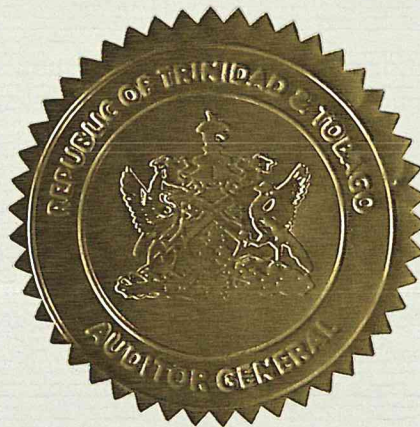
7. A Pension Plan has not been established to date as required by section 15(2) of the Act which states:

“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.

12th July, 2019
PORT OF SPAIN




LORELLY PUJADAS
AUDITOR GENERAL

CPH
2019-07-12



**NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT
CORPORATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2014

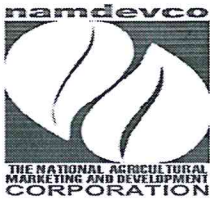


NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2014

CONTENTS	PAGE
Statement of Financial Position	1
Statement of Comprehensive Income	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 15



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER, 2014

(with comparative figures as at 30th September, 2013)

	Notes	30.09.2014 \$	30.09.2013 \$
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	83,273,319	52,574,434
Investments	4	9,620,951	9,533,021
		<u>92,894,270</u>	<u>62,107,455</u>
Current Assets			
Receivables and Prepayments	5	2,840,564	1,383,500
Advances	6	1	1
Cash in Hand and at Bank	7	59,706,039	55,425,849
		<u>62,546,604</u>	<u>56,809,350</u>
TOTAL ASSETS		<u><u>155,440,874</u></u>	<u><u>118,916,805</u></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	47,289,376	50,871,916
Total Equity		<u>61,666,759</u>	<u>65,249,299</u>
Non-Current Liabilities			
Deferred Government Grants	11	61,098,599	32,885,504
Development Programme	12	10,220,632	10,220,632
		<u>71,319,231</u>	<u>43,106,136</u>
Current Liabilities	13	22,454,884	10,561,370
TOTAL EQUITY AND LIABILITIES		<u><u>155,440,874</u></u>	<u><u>118,916,805</u></u>



Sumalla Robinson-Broad
 Chief Executive Officer
 Dated: 21/2/14

[Signature]
 Chairman/Director
 Dated: 26.2.14

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, 2014

(with comparative figures for the year ended 30th September, 2013)

	Notes	2014 \$	2013 \$
INCOME			
Government Subventions		38,895,259	34,659,485
Wholesale Produce Market		2,193,252	3,028,370
Other Receipts	14	3,424,515	1,940,231
Wholesale Fish Market		381,843	381,782
Interest		145,728	170,878
		<u>45,040,597</u>	<u>40,180,746</u>
EXPENDITURE			
Goods and Services	15	30,515,329	26,248,586
Personnel	16	10,668,606	10,975,274
Current Transfers and Subsidies	17	3,578,927	3,351,642
Recurrent Grants Transferred to Capital	18	3,860,275	1,723,131
		<u>48,623,137</u>	<u>42,298,633</u>
Total Comprehensive (DEFICIT)/SURPLUS for the year		<u>(3,582,540)</u>	<u>(2,117,887)</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, 2014
 (with comparative figures for the year ended 30th September, 2013)

	CAPITAL	REVALUATION RESERVE	ACCUMULATED FUND	TOTAL EQUITY
Balance at September 30, 2013	4,339,171	10,038,212	50,871,916	65,249,299
Recurrent Surplus transferred to Capital Grant	-	-	-	-
Surplus/(Deficit) Income for the year	-	-	(3,582,540)	(3,582,540)
Balance at September 30, 2014	4,339,171	10,038,212	47,289,376	61,666,759
Balance at September 30, 2012	4,339,171	10,038,212	52,989,803	67,367,186
Recurrent Surplus transferred to Capital Grant	-	-	-	-
Surplus/(Deficit) Income for the year	-	-	(2,117,887)	(2,117,887)
Balance at September 30, 2013	4,339,171	10,038,212	50,871,916	65,249,299



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2014

(with comparative figures for the year ended 30th September, 2013)

	2014	2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Comprehensive (Deficit)/Surplus	(3,582,540)	(2,117,887)
Adjustments for:		
Depreciation	1,878,517	1,544,913
Deferred Grant Income	(1,071,280)	(463,601)
Gain on disposal of property, plant and equipment	-	(44,151)
Interest income	(145,728)	(170,878)
Recurrent Subvention Utilised as Capital grants	3,860,275	1,723,131
Decrease/(Increase) in receivables and prepayments	(1,457,187)	2,419,347
Increase/(Decrease) in payables and accruals	11,893,514	5,734,901
 Net Cash from/(used in) operating activities	<u>11,375,571</u>	<u>8,625,775</u>
 INVESTING ACTIVITIES		
Additions to property, plant and equipment	(32,577,402)	(16,049,963)
Proceeds from disposal of property, plant and equipment	-	128,704
Decrease/(Increase) in Money Market investment	(87,930)	1,109,692
Interest Income received	145,851	173,878
 Net cash used in investing activities	<u>(32,519,481)</u>	<u>(14,637,689)</u>
 FINANCING ACTIVITIES		
Capital Grants received	25,424,100	18,651,568
 Net cash from financing activities	<u>25,424,100</u>	<u>18,651,568</u>
 Net increase/(decrease) in cash	<u>4,280,190</u>	<u>12,639,654</u>
 Net cash at beginning of year	<u>55,425,849</u>	<u>42,786,195</u>
Net cash at end of year	<u><u>59,706,039</u></u>	<u><u>55,425,849</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, 2014

(with comparative figures for the year ended 30th September, 2013)

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%	2%
Plant and Machinery	20%-25%	20%-25%
Furniture and Fittings	10%-25%	10%-25%
Implements and Tools	10%	10%
Motor Vehicles	25%	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, 2014

(with comparative figures for the year ended 30th September, 2013)

(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, 2014

(with comparative figures for the year ended 30th September, 2013)

(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, 2014
(with comparative figures for the year ended 30th September, 2013)

3 PROPERTY PLANT AND EQUIPMENT

	COST/REVALUATION			ACCUMULATED DEPRECIATION						
	Balance 30.09.13 \$	Additions \$	Disposals \$	Balance 30.09.14 \$	Balance 30.09.13 \$	Charge for Year \$	Disposals \$	Balance 30.09.14 \$	NBV 30.09.14 \$	NBV 30.09.13 \$
Land	9,850,000	-	-	9,850,000	-	-	-	-	9,850,000	9,850,000
Buildings & Building Improvements	35,829,870	2,298,282	-	38,128,152	6,029,005	608,987	-	6,637,992	31,490,160	29,800,865
Office Furniture & Equipment	4,596,700	385,530	-	4,982,230	2,840,966	309,188	-	3,150,154	1,832,076	1,755,734
Plant & Machinery	4,209,202	2,620,927	-	6,830,129	1,997,947	503,207	-	2,501,154	4,328,975	2,211,255
Implements & Tools	928,605	-	-	928,605	360,331	48,345	-	408,676	519,929	568,274
Motor Vehicle	3,228,828	853,818	-	4,082,646	2,368,124	408,789	-	2,776,913	1,305,733	860,704
Capital Work In Progress	7,527,602	26,418,845	-	33,946,447	-	-	-	-	33,946,447	7,527,602
	66,170,807	32,577,402	-	98,748,209	13,596,373	1,878,517	-	15,474,890	83,273,319	52,574,434

Lands stated at valuation of \$9,850,000, rather than at cost, and a building at valuation of \$188,212 are included in the total carrying value for Property, Plant and Equipment. All other Property Plant and Equipment is carried at cost less accumulated depreciation.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2014

(with comparative figures for the year ended 30th September, 2013)

	2014	2013
	\$	\$
4 INVESTMENTS		
Money Market Fund investments	<u>9,620,951</u>	<u>9,533,021</u>
These investments generate interest income in the range of 1% to 2% per annum.		
5 RECEIVABLES AND PREPAYMENTS		
Receivables	13,397,749	12,042,287
Less: Provision for Doubtful Debts	<u>(10,738,140)</u>	<u>(10,738,140)</u>
	2,659,609	1,304,147
Prepayments	<u>180,955</u>	<u>79,353</u>
	<u>2,840,564</u>	<u>1,383,500</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	575
Cash at Bank	<u>59,705,464</u>	<u>55,425,274</u>
Balance at September 30	<u>59,706,039</u>	<u>55,425,849</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 \$140,000 (2013: \$139,000) denominated in US dollars.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014

(with comparative figures for the year ended 30th September, 2013)

	2014	2013
	\$	\$
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>

The balance represents the accumulation of annual recurrent surpluses and deficits up to September 30, 2007.

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 (\$9,850,000) located in Debe, San Fernando and Toco, and a Building (\$188,212) located in San Fernando with the last revaluation independently done in 2009.

10 ACCUMULATED FUND

Balance brought forward	50,871,916	52,989,803
Surplus/(Deficit) Income for the year	(3,582,540)	(2,117,887)
Balance at September 30	<u>47,289,376</u>	<u>50,871,916</u>

The balance represents the accumulation of annual recurrent surpluses and deficits from September 30, 2007.

11 DEFERRED GOVERNMENT GRANTS

Balance brought forward	32,885,504	12,974,406
Deferred Grant Income	(1,071,280)	(463,601)
Government Subvention - Capital	25,424,100	18,651,568
Recurrent Subventions transferred to Capital	3,860,275	1,723,131
Balance at September 30	<u>61,098,599</u>	<u>32,885,504</u>

The balance represents the accumulation of 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, 2014

(with comparative figures for the year ended 30th September, 2013)

	2014	2013
	\$	\$
12 DEVELOPMENT PROGRAMME	<u>10,220,632</u>	<u>10,220,632</u>
<p>This balance represents Government Grants received in the years up to December 31 1994 for funding of capital projects where \$2,806,321 was received by predecessor, Central Marketing Agency, and the remainder of \$7,414,311 received by the Corporation.</p>		
13 CURRENT LIABILITIES		
Payables and accruals	21,344,895	9,593,794
VAT Payable	<u>1,109,989</u>	<u>967,576</u>
	<u>22,454,884</u>	<u>10,561,370</u>
14 OTHER RECEIPTS		
Market and Public Relations	1,543,300	1,308,558
Deferred Grant Income	1,071,280	463,601
Rents	795,500	-
Other	14,435	123,921
Gain on disposal of property, plant and equipment	<u>-</u>	<u>44,151</u>
	<u>3,424,515</u>	<u>1,940,231</u>



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2014

(with comparative figures for the year ended 30th September, 2013)

	2014	2013
	\$	\$
15 GOODS AND SERVICES		
Contract employment	9,426,863	9,824,630
Non-recoverable VAT	5,984,936	2,715,425
Security	3,246,697	3,160,452
Promotion, Publicity and Printing	2,492,550	2,021,839
Short term employment	1,647,779	957,897
Fees	1,486,740	1,762,665
Repairs and maintenance of buildings	1,261,497	502,786
Rent Motor vehicles and equipment	942,269	814,692
Electricity	824,659	775,194
Other Contracted services	530,845	578,450
Insurance	249,706	591,529
Materials and Supplies	407,874	114,190
Office Stationery and Supplies	391,598	596,950
Telephones	383,401	398,829
Maintenance of Vehicles	287,983	219,941
Overseas travel	171,687	180,837
Uniforms	158,139	151,298
Water and Sewerage Rates	146,399	233,474
Repairs and maintenance of equipment	139,919	169,080
Travelling	85,839	175,728
Rent Accomodation	84,000	153,000
Training	55,410	81,713
Hosting Conferences	33,213	27,225
Postage	30,612	16,465
Medical expenses	17,899	5,778
Books and Periodicals	13,796	9,605
Bank Charges	13,019	8,914
	<u>30,515,329</u>	<u>26,248,586</u>



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2014

(with comparative figures for the year ended 30th September, 2013)

	2014	2013
	\$	\$
16 PERSONNEL EXPENDITURE		
Wages, allowances and Overtime	5,637,544	6,546,153
Salaries	3,968,327	3,466,016
Government contribution to NIS	643,435	601,012
Directors' fees	419,300	362,093
	<u>10,668,606</u>	<u>10,975,274</u>
17 CURRENT TRANSFERS AND SUBSIDIES		
Pensions	1,548,997	1,522,481
Depreciation	1,878,517	1,544,913
Gratuities	151,413	284,248
	<u>3,578,927</u>	<u>3,351,642</u>
18 RE-CURRENT GRANTS TRANSFERRED TO CAPITAL		
Support for Agro - Packing Houses	2,367,837	643,849
Motor Vehicles	853,818	174,329
Furniture and Furnishings	345,933	176,120
Other Minor Equipment	253,090	445,518
Office Equipment	39,597	283,315
Tech Pack	-	64,572
Addition to property, plant and equipment	<u>3,860,275</u>	<u>1,787,703</u>
Funded from capital grants	-	(64,572)
	<u>3,860,275</u>	<u>1,723,131</u>
19 DEVELOPMENT PROGRAMME		
Building Improvement - New Packing Houses	26,418,845	7,527,602
Building Improvement - NWM	2,129,246	1,344,335
Building Improvement - POSFM	274,305	1,429,736
Building Improvement - OVFM	122,570	1,436,764
Building Improvement - PPH	34,019	424,741
Building Improvement - SWM	(261,858)	2,099,082
Building Improvement - Tech Pack	-	-
Addition to property, plant and equipment	<u>28,717,127</u>	<u>14,262,260</u>



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2014

(with comparative figures for the year ended 30th September, 2013)

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 \$84,000 (2013: \$153,000) 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



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014

(with comparative figures for the year ended 30th September, 2013)

22 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.