



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, 2015

The accompanying Financial Statements of the National Agricultural Marketing and Development Corporation for the year ended 30th September, 2015 have been audited. The Statements as set out on pages 1 to 15 comprise a Statement of Financial Position as at 30th September, 2015, and the Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 30th September, 2015 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, 2015 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.

EMPHASIS OF MATTER

7. Without qualifying the above opinion, attention is drawn to the following:

i) Paragraph 31 of International Accounting Standard 16 (IAS 16) states inter alia that: *“Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.”*

ii) Paragraph 34 of IAS 16 also states inter alia that: *“Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.”*

iii) It was noted that properties subject to revaluations were last revalued in the year 2009. Note number nine to the financial statements is relevant.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

PENSION PLAN

8. 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

9. 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.

**20th August, 2019
PORT OF SPAIN**




**LORELLY PUJADAS
AUDITOR GENERAL**

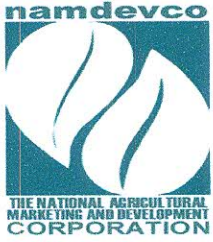
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**NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT
CORPORATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2015

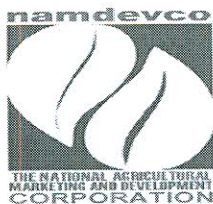


NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2015

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NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER, 2015
 (with comparative figures as at 30th September, 2014)

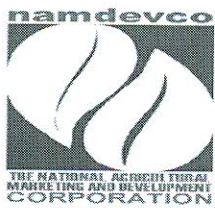
	Notes	30.09.2015 \$	30.09.2014 \$
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	102,656,628	83,273,319
Investments	4	9,709,109	9,620,951
		<u>112,365,737</u>	<u>92,894,270</u>
Current Assets			
Receivables and Prepayments	5	7,970,651	2,840,564
Advances	6	1	1
Cash in Hand and at Bank	7	44,351,814	59,706,039
		<u>52,322,466</u>	<u>62,546,604</u>
TOTAL ASSETS		<u>164,688,203</u>	<u>155,440,874</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	33,325,125	47,289,376
Total Equity		<u>47,702,508</u>	<u>61,666,759</u>
Non-Current Liabilities			
Deferred Government Grants	11	86,920,203	61,098,599
Development Programme	12	10,220,632	10,220,632
		<u>97,140,835</u>	<u>71,319,231</u>
Current Liabilities	13	19,844,860	22,454,884
TOTAL EQUITY AND LIABILITIES		<u>164,688,203</u>	<u>155,440,874</u>



Sumatta Debysingh - Prasad
 Chief Executive Officer
 Dated: 25/3/19

[Signature]
 Chairman/Director
 Dated: 28.3.19

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, 2015

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

	Notes	2015 \$	2014 \$
INCOME			
Government Recurrent Subventions		43,925,917	38,895,259
Wholesale Produce Market		2,807,034	2,193,252
Other Receipts	14	3,645,927	3,424,515
Wholesale Fish Market		402,604	381,843
Interest		140,443	145,728
		<u>50,921,925</u>	<u>45,040,597</u>
EXPENDITURE			
Goods and Services	15	27,366,301	30,515,329
Personnel	16	17,286,300	10,668,606
Current Transfers and Subsidies	17	4,250,114	3,578,927
Recurrent Grants Transferred to Capital	18	2,872,932	3,860,275
		<u>51,775,647</u>	<u>48,623,137</u>
Total Comprehensive SURPLUS/(DEFICIT) for the year		<u>(853,722)</u>	<u>(3,582,540)</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, 2015
 (with comparative figures for the year ended 30th September, 2014)

	CAPITAL	REVALUATION RESERVE	ACCUMULATED FUND	TOTAL EQUITY \$
Balance at September 30, 2014	4,339,171	10,038,212	47,289,376	61,666,759
Recurrent Surplus transferred to Capital Grant	-	-	(13,110,529)	(13,110,529)
Surplus/(Deficit) Income for the year	-	-	(853,722)	(853,722)
Balance at September 30, 2015	4,339,171	10,038,212	33,325,125	47,702,508
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



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2015

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

	2015	2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Comprehensive Surplus/(Deficit)	(853,722)	(3,582,540)
Adjustments for:		
Depreciation	2,363,621	1,878,517
Deferred Grant Income	(1,522,857)	(1,071,280)
Interest income	(140,443)	(145,728)
Recurrent Subvention Utilised as Capital grants	2,872,932	3,860,275
Decrease/(Increase) in receivables and prepayments	(5,130,021)	(1,457,187)
Increase/(Decrease) in payables and accruals	(2,610,024)	11,893,514
Net Cash from/(used in) operating activities	<u>(5,020,514)</u>	<u>11,375,571</u>
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(21,746,930)	(32,577,402)
Decrease/(Increase) in Money Market investment	(88,158)	(87,930)
Interest Income received	140,377	145,851
Net cash used in investing activities	<u>(21,694,711)</u>	<u>(32,519,481)</u>
FINANCING ACTIVITIES		
Capital Grants received	11,361,000	25,424,100
Net cash from financing activities	<u>11,361,000</u>	<u>25,424,100</u>
Net increase/(decrease) in cash	<u>(15,354,225)</u>	<u>4,280,190</u>
Net cash at beginning of year	<u>59,706,039</u>	<u>55,425,849</u>
Net cash at end of year	<u>44,351,814</u>	<u>59,706,039</u>

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



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, 2015

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

(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, 2015

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

(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, 2015

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

3 PROPERTY PLANT AND EQUIPMENT

	COST/REVALUATION			ACCUMULATED DEPRECIATION						
	Balance 30.09.14 \$	Additions \$	Disposals \$	Balance 30.09.15 \$	Balance 30.09.14 \$	Charge for Year \$	Disposals \$	Balance 30.09.15 \$	NBV 30.09.15 \$	NBV 30.09.14 \$
Land	9,850,000	-	-	9,850,000	-	-	-	-	9,850,000	9,850,000
Buildings & Building Improvements	38,128,152	492,456	-	38,620,608	6,637,992	642,573	-	7,280,565	31,340,043	31,490,160
Office Furniture & Equipment	4,982,230	1,033,410	-	6,015,640	3,150,154	423,605	-	3,573,759	2,441,881	1,832,076
Plant & Machinery	6,830,129	971,122	-	7,801,251	2,501,154	917,740	-	3,418,894	4,382,357	4,328,975
Implements & Tools	928,605	-	-	928,605	408,676	43,286	-	451,962	476,643	519,929
Motor Vehicle	4,082,646	-	-	4,082,646	2,776,913	336,417	-	3,113,330	969,316	1,305,733
Capital Work In Progress	33,946,447	19,249,942	-	53,196,389	-	-	-	-	53,196,389	33,946,447
	98,748,209	21,746,930	-	120,495,139	15,474,890	2,363,621	-	17,838,511	102,656,628	83,273,319

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, 2015

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

	2015	2014
	\$	\$
4 INVESTMENTS		
Money Market Fund investments	<u>9,709,109</u>	<u>9,620,951</u>
These investments generate interest income in the range of 1% to 2% per annum.		
5 RECEIVABLES AND PREPAYMENTS		
Receivables	18,510,659	13,397,749
Less: Provision for Doubtful Debts	<u>(10,738,140)</u>	<u>(10,738,140)</u>
	7,772,519	2,659,609
Prepayments	<u>198,132</u>	<u>180,955</u>
	<u>7,970,651</u>	<u>2,840,564</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	238	575
Cash at Bank	<u>44,351,576</u>	<u>59,705,464</u>
Balance at September 30	<u>44,351,814</u>	<u>59,706,039</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 Nil (2014: \$140,000) denominated in US dollars.



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2015

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

	2015	2014
	\$	\$
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	47,289,376	50,871,916
Surplus/(Deficit) Income for the year	(853,722)	(3,582,540)
Recurrent Surplus transferred to Capital Grants	(13,110,529)	-
Balance at September 30	<u>33,325,125</u>	<u>47,289,376</u>

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

11 DEFERRED GOVERNMENT GRANTS

Balance brought forward	61,098,599	32,885,504
Deferred Grant Income	(1,522,857)	(1,071,280)
Government Capital Grants	11,361,000	25,424,100
Recurrent Surplus transferred to Capital Grants	13,110,529	-
Recurrent Subventions utilised for Capital expenditure	2,872,932	3,860,275
Balance at September 30	<u>86,920,203</u>	<u>61,098,599</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, 2015

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

	2015	2014
	\$	\$
12 DEVELOPMENT PROGRAMME	<u>10,220,632</u>	<u>10,220,632</u>

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.

13 CURRENT LIABILITIES

Payables and accruals	19,021,183	21,344,895
VAT Payable	<u>823,677</u>	<u>1,109,989</u>
	<u>19,844,860</u>	<u>22,454,884</u>

14 OTHER RECEIPTS

Market and Public Relations	1,621,611	1,543,300
Deferred Grant Income	1,522,857	1,071,280
Rents	406,957	795,500
Other	<u>94,502</u>	<u>14,435</u>
	<u>3,645,927</u>	<u>3,424,515</u>



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015

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

	2015	2014
	\$	\$
15 GOODS AND SERVICES		
Contract employment	9,224,201	9,426,863
Security	3,926,804	3,246,697
Promotion, Publicity and Printing	2,572,576	2,492,550
Short term employment	1,043,954	1,647,779
Rent Motor vehicles and equipment	873,265	942,269
Fees	922,986	1,486,740
Electricity	864,223	824,659
Other Contracted services	643,037	530,845
Telephones	527,535	383,401
Materials and Supplies	485,662	407,874
Insurance	457,710	249,706
Repairs and maintenance of buildings	453,419	1,261,497
Overseas travel	381,975	171,687
Office Stationery and Supplies	356,912	391,598
Water and Sewerage Rates	273,653	146,399
Maintenance of Vehicles	202,310	287,983
Repairs and maintenance of equipment	123,714	139,919
Rent Accomodation	84,000	84,000
Travelling	81,260	85,839
Hosting Conferences	57,500	33,213
Training	43,998	55,410
Medical expenses	38,565	17,899
Bank Charges	16,436	13,019
Uniforms	15,218	158,139
Postage	15,024	30,612
Employee Asssitance Programme	13,125	-
Books and Periodicals	3,442	13,796
Non-recoverable VAT	3,663,797	5,984,936
	<u>27,366,301</u>	<u>30,515,329</u>



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2015

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

	2015	2014
	\$	\$
16 PERSONNEL EXPENDITURE		
Wages, allowances and Overtime	9,063,402	5,637,544
Salaries	7,052,108	3,968,327
Government contribution to NIS	773,929	643,435
Directors' fees	396,861	419,300
	<u>17,286,300</u>	<u>10,668,606</u>
17 CURRENT TRANSFERS AND SUBSIDIES		
Pensions	1,664,995	1,548,997
Depreciation	2,363,621	1,878,517
Gratuities	221,498	151,413
	<u>4,250,114</u>	<u>3,578,927</u>
18 RE-CURRENT GRANTS TRANSFERRED TO CAPITAL		
Support for Agro - Packing Houses	725,480	2,367,837
Motor Vehicles	868,400	853,818
Furniture and Furnishings	108,578	345,933
Other Minor Equipment	400,805	253,090
Office Equipment	769,669	39,597
Tech Pack	-	-
	<u>2,872,932</u>	<u>3,860,275</u>
The expenditure on Motor Vehicles represents a deposit on three vehicles acquired and capitalised in the subsequent financial year.		
19 DEVELOPMENT PROGRAMME		
Building Improvement - New Packing Houses	19,249,942	26,418,845
Building Improvement - NWM	389,480	2,129,246
Building Improvement - POSFM	127,543	274,305
Building Improvement - OVFM	-	122,570
Building Improvement - PPH	(3,402)	34,019
Building Improvement - SWM	(21,165)	(261,858)
Addition to property, plant and equipment	<u>19,742,398</u>	<u>28,717,127</u>



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2015

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

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 (2014: \$84,000) 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

2039

Orange Valley Fish Market

Expired

Piarco Packing House

July 2043

Chacon Street and South Quay

2084



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2015

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

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.