



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, 2017

QUALIFIED OPINION

The Financial Statements of the National Agricultural Marketing and Development Corporation (the Corporation) for the year ended 30th September, 2017 have been audited. The Statements as set out on pages 1 to 15 comprise a Statement of Financial Position as at 30th September, 2017, and the Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 30th September, 2017 and Notes to the Financial Statements numbered 1 to 20, including a summary of significant accounting policies.

2. In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of this report, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 30th September, 2017 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.

BASIS FOR QUALIFIED OPINION

PROPERTY, PLANT AND EQUIPMENT \$101,602,069.00

3.1 The Northern Wholesale Market situated at Macoya was vested in the Corporation by Legal Notice 50/2002. Section 2 of the National Agricultural Marketing and Development Corporation (Northern Wholesale Market) Regulations, Chapter 63:05 describes this market as comprising 1.5 hectares. The Corporation has not valued this property, as a result its fair value was not included in the above figure for property, plant and equipment.

3.2 International Accounting Standard 16 requires that revaluations of property, plant and equipment be made with sufficient regularity to ensure that the carrying amounts are not materially misstated and, that it may be necessary to revalue items every three or five years. The Corporation has three other properties which are subject to revaluation and were last revalued in the year 2007. These properties are located at Debe, Toco and San Fernando.

3.3 The effects of the above on the figure of \$101,602,069.00 for property, plant and equipment have not been ascertained in the absence of valuation reports. Note number nine to the financial statements is also relevant.

4. The audit was conducted in accordance with accepted auditing standards. The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Corporation in accordance with the ethical requirements that are relevant to the audit of the financial statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above qualified opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

5. Management of 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.

6. In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

7. Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

8. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit and to report thereon 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).

9. The Auditor General's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes his opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with accepted auditing standards, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If the Auditor General concludes that a material uncertainty exists, the Auditor General is required to draw attention in his audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify his opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. The Auditor General communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that were identified during the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

PENSION PLAN

12. 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

13. 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 November, 2019
PORT OF SPAIN


LORELLY PUJADAS
AUDITOR GENERAL

CA
2019.11.12



**NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT
CORPORATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2017



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2017

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NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER, 2017

(with comparative figures as at 30th September, 2016)

	Notes	30.09.2017 \$	30.09.2016 \$
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	101,602,069	101,336,469
Investments	4	9,919,484	9,806,117
		<u>111,521,553</u>	<u>111,142,586</u>
Current Assets			
Receivables and Prepayments	5	1,395,632	2,185,868
Advances	6	1	1
Cash in Hand and at Bank	7	45,000,521	50,551,214
		<u>46,396,154</u>	<u>52,737,083</u>
TOTAL ASSETS		<u><u>157,917,707</u></u>	<u><u>163,879,669</u></u>
EQUITY AND LIABILITIES			
Equity and Reserves			
Accumulated Fund	8	41,076,672	47,377,289
Revaluation Reserve	9	10,038,212	10,038,212
Total Equity		<u>51,114,884</u>	<u>57,415,501</u>
Non-Current Liabilities			
Deferred Government Grants	10	93,077,726	91,053,572
Current Liabilities			
	11	13,725,097	15,410,596
TOTAL EQUITY AND LIABILITIES		<u><u>157,917,707</u></u>	<u><u>163,879,669</u></u>



Rumalla Desjardins-Lamad
 Chief Executive Officer
 Dated: 29/7/19

Chairman/Director
 Dated: 29.7.19

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, 2017
 (with comparative figures for the year ended 30th September, 2016)

	Notes	2017 \$	2016 \$
INCOME			
Government Recurrent Subventions		33,889,720	36,315,382
Other Receipts	12	6,530,944	7,348,131
Interest		160,412	151,090
		<u>40,581,076</u>	<u>43,814,603</u>
EXPENDITURE			
Goods and Services	13	24,974,620	20,600,136
Personnel	14	11,951,372	12,018,452
Current Transfers and Subsidies	15	6,252,994	5,659,907
Recurrent Grants Transferred to Capital	16	30,972	314,640
		<u>43,209,958</u>	<u>38,593,135</u>
Total Comprehensive SURPLUS/(DEFICIT) for the year		<u>(2,628,882)</u>	<u>5,221,468</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, 2017
 (with comparative figures for the year ended 30th September, 2016)

	ACCUMULATED FUND	REVALUATION RESERVE	TOTAL EQUITY
Balance at September 30, 2016	47,377,289	10,038,212	57,415,501
Surplus/(Deficit) Income for the year	(2,628,882)	-	(2,628,882)
Recurrent Surplus transferred to Capital Grant	(3,671,735)	-	(3,671,735)
Balance at September 30, 2017	41,076,672	10,038,212	51,114,884
Balance at September 30, 2015	42,155,821	10,038,212	52,194,033
Surplus/(Deficit) Income for the year	5,221,468	-	5,221,468
Recurrent Surplus transferred to Capital Grant	-	-	-
Balance at September 30, 2016	47,377,289	10,038,212	57,415,501



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2017

(with comparative figures for the year ended 30th September, 2016)

	Notes	2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Comprehensive Surplus/(Deficit)		(2,628,882)	5,221,468
Adjustments for:			
Depreciation		2,271,447	2,585,754
Deferred Grant Income		(1,678,553)	(1,910,378)
Bad Debt provisioning		1,351,625	-
Interest income		(160,412)	(151,090)
Recurrent Subvention Utilised as Capital grants		30,972	314,640
Decrease/(Increase) in receivables and prepayments		(561,323)	5,784,849
Increase/(Decrease) in payables and accruals		(1,685,499)	(4,434,264)
Net Cash from/(used in) operating activities		<u>(3,060,625)</u>	<u>7,410,979</u>
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(2,537,047)	(1,265,595)
Decrease/(Increase) in Money Market investment		(113,367)	(97,008)
Interest Income received		160,346	151,024
Net cash used in investing activities		<u>(2,490,068)</u>	<u>(1,211,579)</u>
FINANCING ACTIVITIES			
Capital Grants received		-	-
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash		<u>(5,550,693)</u>	<u>6,199,400</u>
Net cash at beginning of year		<u>50,551,214</u>	<u>44,351,814</u>
Net cash at end of year		<u><u>45,000,521</u></u>	<u><u>50,551,214</u></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%	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.



(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, 2017

(with comparative figures for the year ended 30th September, 2016)

(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, 2017

(with comparative figures for the year ended 30th September, 2016)

3 PROPERTY PLANT AND EQUIPMENT

	COST/REVALUATION			ACCUMULATED DEPRECIATION			NBV 30.09.16	NBV 30.09.17	NBV 30.09.16
	Balance 30.09.16	Revaluation & Additions	Disposals	Balance 30.09.16	Charge for Year	Disposals			
Land	9,850,000	-	9,850,000	-	-	-	9,850,000	9,850,000	9,850,000
Buildings & Building Improvements	49,026,417	2,506,075	51,532,492	8,078,101	821,968	8,900,069	42,632,423	40,948,316	40,948,316
Office Furniture & Equipment	6,220,269	25,766	6,246,035	4,029,493	372,215	4,401,708	1,844,327	2,190,776	2,190,776
Plant & Machinery	7,801,251	2,367	7,803,618	4,248,261	661,292	4,909,553	2,894,065	3,552,990	3,552,990
Implements & Tools	945,889	2,839	948,728	493,425	38,792	532,217	416,511	452,464	452,464
Motor Vehicle	5,043,773	-	5,043,773	3,574,984	377,180	3,952,164	1,091,609	1,468,789	1,468,789
Capital Work In Progress	42,873,135	-	42,873,135	-	-	-	42,873,135	42,873,135	42,873,135
	121,760,734	2,537,047	124,297,781	20,424,265	2,271,447	22,695,712	101,602,069	101,336,469	101,336,469

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, 2017

(with comparative figures for the year ended 30th September, 2016)

	2017	2016
	\$	\$
4 INVESTMENTS		
Money Market Fund investments	<u>9,919,484</u>	<u>9,806,117</u>
These investments generate interest income in the range of 1% to 2% per annum.		
5 RECEIVABLES AND PREPAYMENTS		
Receivables	13,267,765	12,696,062
Less: Provision for Doubtful Debts	<u>(12,089,765)</u>	<u>(10,738,140)</u>
	1,178,000	1,957,922
Prepayments	<u>217,632</u>	<u>227,946</u>
	<u>1,395,632</u>	<u>2,185,868</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	238
Cash at Bank	<u>45,000,283</u>	<u>50,550,976</u>
Balance at September 30	<u>45,000,521</u>	<u>50,551,214</u>

Cash at Bank comprises the cash held in operating accounts that bear interest income of approximately 1% per annum. All funds held are in Trinidad and Tobago Dollars



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2017

(with comparative figures for the year ended 30th September, 2016)

	2017	2016
	\$	\$
8 ACCUMULATED FUND		
Balance brought forward	47,377,289	42,155,821
Surplus/(Deficit) Income for the year	(2,628,882)	5,221,468
Recurrent Surplus transferred to Capital Grant	(3,671,735)	-
Balance at September 30	<u>41,076,672</u>	<u>47,377,289</u>

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

9 REVALUATION RESERVE

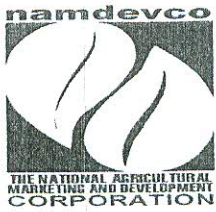
Balance at September 30	<u>10,038,212</u>	<u>10,038,212</u>
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This balance represents the revaluation surplus on the Corporation's lands (\$9,850,000) located in Debe, San Fernando and Toco, and a Building (\$188,212) located in San Fernando with the last revaluation independently done in 2007. The Corporation also has a freehold interest in the property known as the Northern Wholesale Market Macoya, vested by Legal Notice 50/2002. This property has not been valued as the Corporation's freehold interest was only clarified recently.

10 DEFERRED GOVERNMENT GRANTS

Balance brought forward	91,053,572	92,649,310
Deferred Grant Income	(1,678,553)	(1,910,378)
Government Subvention - Capital	-	-
Recurrent Surplus transferred to Capital Grants	3,671,735	-
Recurrent Subventions utilised for Capital expenditure	30,972	314,640
Balance at September 30	<u>93,077,726</u>	<u>91,053,572</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, 2017

(with comparative figures for the year ended 30th September, 2016)

	2017	2016
	\$	\$
11 CURRENT LIABILITIES		
Payables and accruals	12,956,465	14,586,919
VAT Payable	768,632	823,677
	<u>13,725,097</u>	<u>15,410,596</u>
12 OTHER RECEIPTS		
Processing and sale of packaged produce	1,400,230	1,693,990
Wholesale Produce Market	2,042,328	2,310,942
Wholesale Fish Market	374,329	393,280
Deferred Grant Income	1,678,553	1,910,378
Rents	1,035,504	1,039,541
Miscellaneous	-	-
	<u>6,530,944</u>	<u>7,348,131</u>



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2017

(with comparative figures for the year ended 30th September, 2016)

	2017	2016
	\$	\$
13 GOODS AND SERVICES		
Contract employment	8,447,424	8,201,325
Security	5,103,691	4,758,506
Short term employment	1,566,985	459,738
Promotion, Publicity and Printing	1,525,583	2,074,561
Bad Debt Provisioning Expense	1,351,625	-
Fees	1,238,782	527,225
Rent Motor vehicles and equipment	1,203,871	876,144
Other Contracted services	1,118,263	245,061
Electricity	810,004	786,236
Insurance	485,013	479,285
Telephones	424,529	455,215
Repairs and maintenance of buildings	412,715	336,964
Materials and Supplies	260,100	402,961
Maintenance of Vehicles	214,119	200,970
Water and Sewerage Rates	170,707	139,839
Repairs and maintenance of equipment	162,888	127,585
Office Stationery and Supplies	152,058	186,962
Uniforms	136,225	126,712
Rent Accomodation	94,500	107,850
Training	90,667	18,177
Overseas travel	29,268	13,878
Medical expenses	24,284	2,792
Bank Charges	11,383	11,437
Books and Periodicals	4,618	5,080
Postage	2,797	14,820
Employee Asssitance Programme	-	39,813
Hosting Conferences	50,219	157,753
Travelling	39,320	68,980
(Recovery)/Non-recovery of VAT	(157,018)	(225,733)
	<u>24,974,620</u>	<u>20,600,136</u>



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2017

(with comparative figures for the year ended 30th September, 2016)

	2017	2016
	\$	\$
14 PERSONNEL EXPENDITURE		
Wages, allowances and overtime	6,093,188	5,958,289
Salaries and allowances	4,553,350	4,866,378
Government contribution to NIS	911,584	845,175
Directors' fees	393,250	348,610
	<u>11,951,372</u>	<u>12,018,452</u>
15 CURRENT TRANSFERS AND SUBSIDIES		
Pensions	2,350,800	2,136,821
Depreciation	2,271,447	2,585,754
Gratuities	1,630,747	937,332
	<u>6,252,994</u>	<u>5,659,907</u>
16 RE-CURRENT GRANTS TRANSFERRED TO CAPITAL		
Motor Vehicles	-	92,727
Furniture and Furnishings	1,570	204,629
Other Minor Equipment	5,206	17,284
Office Equipment	24,196	-
	<u>30,972</u>	<u>314,640</u>
17 DEVELOPMENT PROGRAMME		
Building Improvement - New Packing Houses	-	41,669
Building Improvement - NWM	74,461	17,511
Building Improvement - POSFM	-	6,085
Building Improvement - OVFM	2,306,037	-
Building Improvement - SWM	125,577	17,290
Addition to property, plant and equipment	<u>2,506,075</u>	<u>82,555</u>



NATIONAL AGRICULTURAL MARKETING AND DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2017
(with comparative figures for the year ended 30th September, 2016)

18 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.

19 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 \$94,500 (2015: \$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, 2017

(with comparative figures for the year ended 30th September, 2016)

20 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.