



**NATIONAL QUARRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2017**

**National Quarries Company Limited  
Financial Statements  
30 September 2017**

**Table of Contents**

|   |               |
|---|---------------|
| <b>Statement of Management's Responsibilities</b> | <b>Page 2</b> |
| <b>Independent Auditors' Report</b>               | <b>Page 3</b> |
| <b>Statement of Financial Position</b>            | <b>Page 5</b> |
| <b>Statement of Comprehensive Income</b>          | <b>Page 6</b> |
| <b>Statement of Changes in Equity</b>             | <b>Page 7</b> |
| <b>Statement of Cash Flows</b>                    | <b>Page 8</b> |
| <b>Notes to Financial Statements</b>              | <b>Page 9</b> |

## National Quarries Company Limited

### Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of National Quarries Company Limited, which comprise the statement of financial position as at 30 September 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the entity keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the entity assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Camille Chow  
Chief Financial Officer (Ag)  
25 February 2021



Earl Wilson  
Chief Executive Officer  
25 February 2021



## Independent Auditor's Report

To the Directors,

### Report - Audit of the Financial Statements of National Quarries Company Limited

We were engaged to audit the accompanying financial statements of **National Quarries Company Limited (the Company)**, which comprise the statement of financial position as at 30 September 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

#### Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### Basis for Disclaimer of Opinion

The Company did not provide supporting documentation to substantiate the completeness, existence, accuracy and valuation of fixed assets, inventory, accounts receivable and prepayments, accounts payable and accruals, development costs, environmental rehabilitation, royalties payable, cash in hand and at bank, and bank overdraft as at 30 September 2017. The Company also did not provide the required evidence to substantiate the completeness existence and accuracy of sales and expenditure for the year ended 30 September 2017.

We were unable to verify by alternative means the completeness, existence, accuracy and valuation of fixed assets, inventory, accounts receivable and prepayments, accounts payable and accruals, development costs, environmental rehabilitation, royalties payable, cash in hand and at bank, and bank overdraft as at 30 September 2017. We were also unable to confirm or verify by alternative means, the completeness, existence and accuracy of sales and expenditure for the year ended 30 September 2017.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of these elements comprising the statement of financial position and the statement of comprehensive income.



**Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.



**San Juan  
25 February 2021**

*MOORE*  
**Chartered Accountants**

**National Quarries Company Limited**  
**Statement of Financial Position**  
**As at 30 September 2017**

|  | <u>Note</u> | 2017<br><u>TT\$</u>        | 2016<br><u>TT\$</u>        |
|--|-------------|----------------------------|----------------------------|
| <b>ASSETS</b>                                      |             |                            |                            |
| <b>Non-Current Assets</b>                          |             |                            |                            |
| Fixed Assets                                       | 11          | 37,693,623                 | 40,606,972                 |
| Development Cost                                   | 10          | <u>9,395,506</u>           | <u>10,845,711</u>          |
| <b>Total Non-Current Assets</b>                    |             | <b><u>47,089,129</u></b>   | <b><u>51,452,683</u></b>   |
| <b>Current Assets</b>                              |             |                            |                            |
| Investments  | 7           | 1,231,892                  | 4,559,692                  |
| Inventory  | 9           | 13,846,265                 | 13,798,823                 |
| Taxation Recoverable                               |             | -                          | 341,435                    |
| Accounts Receivable and Prepayments                | 8           | 34,383,730                 | 30,625,406                 |
| Cash in Hand and at Bank                           | 6           | <u>2,233,556</u>           | <u>2,398,884</u>           |
| <b>Total Current Assets</b>                        |             | <b><u>51,695,443</u></b>   | <b><u>51,724,240</u></b>   |
| <b>Total Assets</b>                                |             | <b><u>98,784,572</u></b>   | <b><u>103,176,923</u></b>  |
| <b>Liabilities</b>                                 |             |                            |                            |
| <b>Non-Current Liabilities</b>                     |             |                            |                            |
| Royalties Payable                                  |             | 27,333,271                 | 25,479,811                 |
| Environmental Rehabilitation                       |             | <u>24,417,601</u>          | <u>24,417,601</u>          |
| <b>Total Non-Current Liabilities</b>               |             | <b><u>51,750,872</u></b>   | <b><u>49,897,412</u></b>   |
| <b>Current Liabilities</b>                         |             |                            |                            |
| Accounts Payable and Accruals                      | 13          | 129,093,374                | 119,261,024                |
| Loan Current Portion                               | 14          | -                          | (2,798)                    |
| Bank Overdraft                                     | 12          | <u>2,385,595</u>           | <u>6,141,113</u>           |
| <b>Total Current Liabilities</b>                   |             | <b><u>131,478,969</u></b>  | <b><u>125,399,339</u></b>  |
| <b>Total Liabilities</b>                           |             | <b><u>183,229,841</u></b>  | <b><u>175,296,751</u></b>  |
| <b>Shareholder's Equity</b>                        |             |                            |                            |
| Stated Capital                                     | 15          | 28,907,000                 | 28,907,000                 |
| Accumulated Deficit                                |             | <u>(113,352,269)</u>       | <u>(101,026,828)</u>       |
| <b>Total Shareholder's Equity</b>                  |             | <b><u>(84,445,269)</u></b> | <b><u>(72,119,828)</u></b> |
| <b>Total Liabilities and Institutional Capital</b> |             | <b><u>98,784,572</u></b>   | <b><u>103,176,923</u></b>  |

The accompanying notes on pages 9 to 29 form an integral part of these financial statements.

Director:  Director:  Date: 25<sup>th</sup> February 2021

**National Quarries Company Limited  
Statement of Comprehensive Income  
For the Year Ended 30 September 2017**

|  | <u>Note</u> | <u>2017</u><br><u>TT\$</u> | <u>2016</u><br><u>TT\$</u> |
|--|-------------|----------------------------|----------------------------|
| Sales                                      |             | 80,939,026                 | 95,846,428                 |
| Cost of Sales                              | 16          | <u>(72,275,193)</u>        | <u>(94,293,693)</u>        |
|  |             | 8,663,833                  | 1,552,735                  |
| Interest and Other Income                  |             | <u>144,969</u>             | <u>430,631</u>             |
|  |             | <b><u>8,808,802</u></b>    | <b><u>1,983,366</u></b>    |
| <b>General and Administrative Expenses</b> |             |                            |                            |
| Advertising and Promotions                 |             | 642,806                    | 946,236                    |
| Audit Fees                                 |             | 186,800                    | 361,425                    |
| Bank Charges and Interest                  |             | 694,274                    | 454,004                    |
| Consultancy Fees                           |             | 1,683,601                  | 2,181,027                  |
| Depreciation                               |             | 1,666,896                  | 2,419,307                  |
| Directors' Fees                            |             | 433,207                    | 287,803                    |
| Directors' Expense                         |             | -                          | 41,337                     |
| Donations and Subscriptions                |             | 140,701                    | 564,860                    |
| Electricity and Telephone                  |             | 758,036                    | 481,080                    |
| Entertainment                              |             | 222,329                    | 2,643                      |
| Green Fund Levy                            |             | 270,409                    | 247,940                    |
| Impairment Loss                            |             | -                          | 8,711,586                  |
| Insurance                                  |             | 222,329                    | 197,415                    |
| Legal and Professional Fees                |             | 1,510,067                  | 983,516                    |
| Miscellaneous Expenses                     |             | 241,100                    | 31,261                     |
| Motor Vehicle Expenses                     |             | 31,152                     | 46,736                     |
| Penalties and Interest                     |             | -                          | 110,502                    |
| Printing and Stationery                    |             | 56,091                     | 50,893                     |
| Rental                                     |             | 691,664                    | 950,377                    |
| Repairs and Maintenance                    |             | 446,007                    | 729,496                    |
| Salaries and Staff Benefits                |             | 10,199,831                 | 10,893,098                 |
| Security                                   |             | 541,992                    | 441,990                    |
| Severance Benefits                         |             | -                          | 220,814                    |
| Staff Training                             |             | -                          | 116,245                    |
| Travelling                                 |             | <u>9,062</u>               | <u>251,121</u>             |
| <b>Total Expenditure</b>                   |             | <b><u>20,648,354</u></b>   | <b><u>37,722,712</u></b>   |
| Net Loss Before Taxation                   |             | (11,839,552)               | (35,739,346)               |
| Taxation                                   |             | <u>(485,889)</u>           | <u>(495,877)</u>           |
| Net Loss for the Year                      |             | <u>(12,325,441)</u>        | <u>(36,235,223)</u>        |

**The accompanying notes on pages 9 to 29 form an integral part of these financial statements.**

**National Quarries Company Limited  
Statement of Changes in Equity  
For the Year Ended 30 September 2017**

|  | <b>Stated<br/>Capital<br/><u>TT\$</u></b> | <b>Accumulated<br/>Deficit<br/><u>TT\$</u></b> | <b>Shareholder's<br/>Equity<br/><u>TT\$</u></b> |
|--|---|--|---|
| Balance as at 01 October 2015          | 28,907,000                                | (64,791,605)                                   | (35,884,605)                                    |
| Net loss for the Year                  | —   | <u>(36,235,223)</u>                            | <u>(36,235,223)</u>                             |
| <b>Balance as at 30 September 2016</b> | <b><u>28,907,000</u></b>                  | <b><u>(101,026,828)</u></b>                    | <b><u>(72,119,828)</u></b>                      |
| Balance as at 01 October 2016          | 28,907,000                                | (101,026,828)                                  | (72,119,828)                                    |
| Net loss for the Year                  | —   | <u>(12,325,441)</u>                            | <u>(12,325,441)</u>                             |
| <b>Balance as at 30 September 2017</b> | <b><u>28,907,000</u></b>                  | <b><u>(113,352,269)</u></b>                    | <b><u>(84,445,269)</u></b>                      |

The accompanying notes on pages 9 to 29 form an integral part of these financial statements.



**National Quarries Company Limited**  
**Statement of Cash Flows**  
**For the Year Ended 30 September 2017**

|   | <b>2017</b>               | <b>2016</b>               |
|---|---------------------------|---------------------------|
|   | <b><u>TT\$</u></b>        | <b><u>TT\$</u></b>        |
| <b>Operating Activities</b>                       |                           |                           |
| Net Loss before Taxation                          | (12,325,441)              | (35,739,346)              |
| Adjustments:                                      |                           |                           |
| Depreciation                                      | 5,000,689                 | 5,502,223                 |
| Impairment loss                                   | -                         | 8,711,586                 |
| Amortization of Development Cost                  | <u>1,450,205</u>          | <u>1,450,205</u>          |
|   | (5,874,547)               | (20,075,332)              |
| <b>Net Changes in:</b>                            |                           |                           |
| Accounts Receivable and Prepayments               | (3,758,324)               | 897,958                   |
| Inventories                                       | (47,442)                  | 15,176,434                |
| Accounts Payable and Accruals                     | 9,832,350                 | 35,739,466                |
| Environmental Rehabilitation                      | -                         | 5,506,052                 |
| Royalties Payable                                 | 1,853,460                 | (13,060,153)              |
| Taxation  | <u>341,435</u>            | <u>(662,020)</u>          |
| <b>Net cash generated in operating activities</b> | <b><u>2,346,932</u></b>   | <b><u>23,522,405</u></b>  |
| <b>Investing Activities:</b>                      |                           |                           |
| Net Movement in Fixed Assets                      | (2,087,340)               | 2,615,969                 |
| Net Movement in Development Costs                 | -                         | (6,602,942)               |
| <b>Net cash used in investing activities</b>      | <b><u>(2,087,340)</u></b> | <b><u>(3,986,973)</u></b> |
| <b>Financing Activities:</b>                      |                           |                           |
| Net Change in Loans                               | <u>2,798</u>              | (2,144,519)               |
| <b>Net cash used in financing activities</b>      | <b><u>2,798</u></b>       | <b><u>(2,144,519)</u></b> |
| Net Change in Cash and Cash Equivalents           | 262,390                   | 17,390,913                |
| Cash at Beginning of Year                         | <u>817,463</u>            | <u>(16,573,450)</u>       |
| <b>Cash at End of Year</b>                        | <b><u>1,079,853</u></b>   | <b><u>817,463</u></b>     |
| <b>Represented by:</b>                            |                           |                           |
| Cash in Hand and at Bank                          | 2,233,556                 | 2,398,884                 |
| Investments                                       | 1,231,892                 | 4,559,692                 |
| Bank Overdraft                                    | <u>(2,385,595)</u>        | <u>(6,141,113)</u>        |
|   | <b><u>1,079,853</u></b>   | <b><u>817,463</u></b>     |

The accompanying notes on pages 9 to 29 form an integral part of these financial statements.

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**1. General Incorporation**

The Company was incorporated on February 23, 1979 under the Laws of the Republic of Trinidad and Tobago. Its principal activities are quarrying and mining of sand and gravel and limestone at its two quarries located at Turure Road, Guico, Sangre Grande and Blanchisseuse Road, Blanchisseuse. Its head office is located at Churchill Roosevelt Highway, Arouca. The Company was continued under the provisions of the Companies Act, 1995 on March 15, 1999.

**2. Basis of Preparation**

**a) Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and effective for the year ended 30 September 2017.

The accounting policies that follow have been consistently applied to all years presented.

**b) Going Concern**

The Company has generated net losses of \$12,235,441 for the year ended 30 September 2017 which resulted in an accumulated deficit of \$113,352,269. Additionally, the Company's liabilities exceed its current assets by \$84,445,268 as at year end. Notwithstanding this fact, the financial statements have been prepared on a going concern basis. This basis has been deemed appropriate in view of the Company's ability to continue its operation using internally generated cash flow and support from its shareholder.

**c) Basis of Measurement**

The financial statements have been prepared on the historical cost basis, except for the measurement at fair value of available for sale investments and certain other financial instruments.

**d) Foreign Currency Translation**

• **Reporting Currency**

The Company has determined the Trinidad and Tobago Dollar (TTD) as its functional currency, as this is the currency of the economic environment in which the Company predominantly operates. The Company's functional currency is also its presentation currency. The financial statements are presented in Trinidad and Tobago Dollars. The Company's main stakeholders are the Government of the Republic of Trinidad and Tobago (GORTT), the Ministry of Finance and its employees.

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**2. Basic of Preparation (Continued)**

**d) Foreign Currency Translation (continued)**

• **Transactions and Balances**

Transactions in currencies other than TTD are recorded at rates prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on the exchange are included in the Statement of Comprehensive Income.

**e) Use of Estimates and Judgements**

The preparation of these financial statements in conformity with IFRS requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

**3. Significant Accounting Policies**

The significant accounting policies adopted in the preparation of the financial statements have been consistently applied to all periods in the financial statements and are set out below.

**3.1 Accounting Standards and Interpretations**

**a) New standards, amendments and interpretations adopted**

There were no new standards, amendments and interpretation effective for the Company's accounting period beginning October 1, 2016 which were adopted in the current year.

**b) New standards and interpretations not yet adopted**

A number of new accounting standards and interpretations are effective for annual periods beginning on or after 01 January 2017. These standards are not yet effective for the Company's accounting period beginning 01 October 2016 and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is outlined below:

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**3.1. Accounting Standards and Interpretations (Continued)**

**b) New standards and interpretations not yet adopted (continued)**

| <b>Title of Standard</b>        | <b>IFRS 9 Financial Instruments</b>   |
|---------------------------------|---|
| Nature of Change                | IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.   |
| Impact                          | <p>The Company has not yet assessed the impact of applying this standard.</p> <p>Financial Assets:<br/> Cash in hand and at bank<br/> Investments<br/> Accounts receivable and prepayments.</p> <p>Financial Liabilities:<br/> Bank overdraft<br/> Accounts payable and accruals</p> <p>There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. All the Company's liabilities are measured at amortized cost.</p> <p>The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) instead only incurred credit losses and applies to financial assets classified at amortized costs.</p> <p>Management has not yet determined the financial impact of this standard on its financial assets.</p> <p>The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of adoption of the new standard.</p> |
| Date of adoption by the Company | Mandatory for financial years commencing on or after 01 January 2018. Therefore, the Company will be adopting this standard for accounting period beginning 01 October 2018.  |

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**3.1. Accounting Standards and Interpretations (Continued)**

**b) New standards and interpretations not yet adopted (continued)**

| <b>Title of Standard</b>        | <b>IFRS 15 Revenue from Contracts with Customers</b>   |
|---------------------------------|--|
| Nature of Change                | The new standard applies to the recognition of revenue and replaces IAS 18 which covers contracts for good and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. |
| Impact                          | Management has not yet assessed the financial impact of adopting this standard for accounting period beginning 01 October 2018.  |
| Date of adoption by the Company | Mandatory for financial years commencing on or after 01 January 2018. Therefore, the Company will be adopting this standard for a counting period beginning 01 October 2018.   |

| <b>Title of Standard</b>        | <b>IFRS 16 Lease</b>   |
|---------------------------------|--|
| Nature of Change                | IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating leases and finance leases is removed. Under the new standard, an asset and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. |
| Impact                          | The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date the Company has operating leases for the rental of vehicles and equipment. However, the Company has not yet assessed what adjustments are necessary and the associated financial impact.  |
| Date of adoption by the Company | Mandatory for financial years commencing on or after 01 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date which is 01 October 2019.   |

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**3.1. Accounting Standards and Interpretations (Continued)**

**b) New standards and interpretations not yet adopted (continued)**

|                        |  |
|------------------------|--|
| <b>Other Standards</b> | The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements: |
| IFRS 1, IAS 28         | Annual improvements to IFRSs 2014-2016 cycle.  |
| IFRS 2                 | Classification and measurement of share-based payment transactions   |
| IAS 40                 | Transfers of investment property.  |
| IFRS 10, IAS 28        | Sale or contribution of assets between and investor and its associate or joint venture.  |
| IFRIC 22               | Foreign currency transactions and advanced consideration.  |
| IFRIC 23               | Uncertainty over income tax treatment.   |

**3.2 Fixed Assets and Depreciation**

Fixed assets are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the reducing balance basis at varying rates, which are estimated to be sufficient to write down the cost of the assets to residual value by the expiration of their useful lives.

Depreciation charges commence the month after acquisition. No depreciation charge is computed in the month of disposal.

The rates used are as follows;

|  |        |
|--|--------|
| Property Plant and Equipment             | 12.50% |
| Mining Equipment                         | 33.33% |
| Buildings                                | 2%     |
| Office Equipment, Furniture and Fittings | 12,50% |
| Motor Vehicles                           | 25%    |
| Road Works                               | 2%     |
| Computer Equipment                       | 33.33% |
| Appliances                               | 12.50% |

No depreciation is charged on freehold land or capital work in progress.

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**3. Significant Accounting Policies (Continued)**

**3.2 Fixed Assets and Depreciation (continued)**

Increases in the carrying amount arising on revaluation of land and buildings are credited to the Capital Revaluation Reserve in Equity. Decreases that offset previous increases of the same asset are charged against reserves directly in Equity; all other decreases are charged to the Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Income and depreciation based on the asset's original cost is transferred from Capital Revaluation Reserve to Retained Earnings. When revalued assets are sold, the amounts included in reserves are transferred to retained earnings.

The assets residual values and useful lives are reviewed at each reporting date and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the gain/loss on disposal account in the Statement of Comprehensive Income.

**3.3 Development Cost**

The Company has capitalized capping costs incurred on mining pits and has classified these costs as development costs in conformance with *IFRS 6 - Exploration for and Evaluation of Mineral Resources*. These costs were incurred before the commencement of mining activities and after the financial and commercial viability of operating these mining pits have been determined. These costs are to be written off over a period of six to eight years, the expected period of commercial production of the mining pits.

**3.4 Cash and cash Equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks. Cash and cash equivalents are subject to insignificant risk of changes in value.

**3.5 Investments**

The Company has classified all its investments as available for sale. These securities are intended to be held for an indefinite period of time but may be sold in response to the needs for liquidity or changes in interest rates, exchange rates or equity prices. After initial recognition, available for sale investments are measured at fair value with unrealized gains or losses recognized in the investment remeasurement reserve.

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**3. Significant Accounting Policies (Continued)**

**3.6 Financial Instruments**

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognized in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

**Financial Assets**

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, that is the date on which the company commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of asset under a contract whose terms require delivery if the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value or the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

**Impairment of financial assets**

The company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the company about the following loss events:

- i) Significant financial difficulty of the issuer or obligor.



**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**3. Significant Accounting Policies (Continued)**

**3.6 Financial Instruments (continued)**

**Impairment of financial assets (continued)**

- ii) A breach of contract, such as default or delinquency in interest or principal payments.
- iii) It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.
- iv) The disappearance of an active market for that financial asset because of financial difficulties.
- v) Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Company or national or economic conditions that correlate with defaults on assets in the Company.

The company first assesses whether objective evidence of impairment exists individually for Financial assets that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

i) **Financial assets measured at amortised cost**

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the Statement of Comprehensive Income.

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**3. Significant Accounting Policies (Continued)**

**3.6 Financial Instruments (continued)**

**ii) Financial assets measured at cost**

The difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in the Statement of Comprehensive Income. These losses are not reversed.

**Financial Liabilities**

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are the-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

Trade Receivables

Trade receivables are measured cost. Appropriate allowances for estimated irrecoverable amounts are recognised in Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Bank loans

Bank loans are recognised initially at fair value, net of transaction costs incurred. Bank loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the loan using the effective interest method.

Shares

Shares are classified as equity and stated at fair value.

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**3. Significant Accounting Policies (Continued)**

**3.6 Financial Instruments (continued)**

Leasing Commitments

Assets obtained under finance leases are capitalized in the Statement of Financial Position and are depreciated over their estimated useful economic lives or the lease term, whichever is the shorter. The interest element of these obligations is charged to the Statement of Comprehensive Income over the relevant period. The capital element of the future payments is treated as a liability.

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Investment Income

Income from investments is accounted for on the accruals basis except for dividends, which are accounted for on a cash basis, consistent with International Accounting Standard (IAS) #10.

**3.7 Provisions**

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**3.8 Revenue Recognition**

The Company derives its income from the sale of aggregate processed. Revenue is recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxed and discounts.

**4. Financial Risk Management**

**Financial risk factors**

The company is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the company to manage these risks are discussed below:

The following table summarizes the carrying amounts and fair values of the company's financial assets and liabilities.

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**4. Financial Risk Management (Continued)**

**Financial risk factors (continued)**

**2017**

| <b>Financial Assets</b>             | <b><u>Carrying Value</u></b> | <b><u>Fair Value</u></b> |
|-------------------------------------|------------------------------|--------------------------|
|                                     | <b>TT\$</b>                  | <b>TT\$</b>              |
| Cash in hand and at bank            | 2,233,556                    | 2,233,556                |
| Investments                         | 1,231,892                    | 1,231,892                |
| Accounts receivable and prepayments | 34,383,730                   | 34,383,730               |
| <b>Financial Liabilities</b>        |                              |                          |
| Bank Overdraft                      | 2,385,595                    | 2,385,595                |
| Accounts Payable and accruals       | 129,093,374                  | 129,093,374              |

**2016**

|                                     | <b><u>Carrying Value</u></b> | <b><u>Fair Value</u></b> |
|-------------------------------------|------------------------------|--------------------------|
|                                     | <b>TT\$</b>                  | <b>TT\$</b>              |
| Cash in hand and at Bank            | 2,398,884                    | 2,398,884                |
| Investments                         | 4,559,692                    | 4,559,692                |
| Accounts Receivable and Prepayments | 30,625,406                   | 30,625,406               |
| <b>Financial Liabilities</b>        |                              |                          |
| Bank Overdraft                      | 6,141,113                    | 6,141,113                |
| Accounts Payable and accruals       | 119,261,024                  | 119,261,024              |

**a) Interest rate risk -**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including loans. The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

| <b>2017</b>                         |                       |                     |                     |                     |                             |                    |
|-------------------------------------|-----------------------|---------------------|---------------------|---------------------|-----------------------------|--------------------|
|                                     | <b>Effective Rate</b> | <b>Up to 1 Year</b> | <b>1 to 5 Years</b> | <b>Over 5 Years</b> | <b>Non-Interest Bearing</b> | <b>Total</b>       |
| <b>Financial Assets</b>             |                       |                     |                     |                     |                             |                    |
| Cash in Hand and at Bank            | 0.20%                 | 531,383             | -                   | -                   | 1,702,173                   | 2,233,556          |
| Investment                          | 0.60-1.13%            | 1,231,892           | -                   | -                   | -                           | 1,231,892          |
| Accounts Receivable and Prepayments | 0.00%                 | -                   | -                   | -                   | <u>34,383,730</u>           | <u>34,383,730</u>  |
|                                     |                       | <u>1,763,275</u>    | -                   | -                   | <u>36,085,903</u>           | <u>37,849,178</u>  |
| <b>Financial Liabilities</b>        |                       |                     |                     |                     |                             |                    |
| Bank Overdraft                      | 9.2%                  | 2,385,595           | -                   | -                   | -                           | 2,385,595          |
| Accounts Payable and Accruals       | 0.00%                 | -                   | -                   | -                   | <u>129,093,374</u>          | <u>129,093,374</u> |
|                                     |                       | <u>2,385,595</u>    | -                   | -                   | <u>129,093,374</u>          | <u>131,478,969</u> |

| <b>2016</b>                         |                       |                     |                     |                     |                             |                    |
|-------------------------------------|-----------------------|---------------------|---------------------|---------------------|-----------------------------|--------------------|
|                                     | <b>Effective Rate</b> | <b>Up to 1 Year</b> | <b>1 to 5 Years</b> | <b>Over 5 Years</b> | <b>Non-Interest Bearing</b> | <b>Total</b>       |
| <b>Financial Assets</b>             |                       |                     |                     |                     |                             |                    |
| Cash in Hand and at Bank            | 0.20%                 | 711,428             | -                   | -                   | 1,687,456                   | 2,398,884          |
| Investment                          | 0.60-1.13%            | 4,559,692           | -                   | -                   | -                           | 4,559,692          |
| Accounts Receivable and Prepayments | 0.00%                 | -                   | -                   | -                   | <u>30,625,406</u>           | <u>30,625,406</u>  |
|                                     |                       | <u>5,271,120</u>    | -                   | -                   | <u>32,312,862</u>           | <u>37,583,982</u>  |
| <b>Financial Liabilities</b>        |                       |                     |                     |                     |                             |                    |
| Bank Overdraft                      | 9.2%                  | 6,141,113           | -                   | -                   | -                           | 6,141,113          |
| Accounts Payable and Accruals       | 0.00%                 | -                   | -                   | -                   | <u>119,261,024</u>          | <u>119,261,024</u> |
|                                     |                       | <u>6,141,113</u>    | -                   | -                   | <u>119,261,024</u>          | <u>125,402,137</u> |

**(b) Credit risk**

The company's loan portfolio is managed and consistently monitored and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts.

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**4. Financial Risk Management (Continued)**

**b) Credit risk (continued)**

Cash balances are held with high credit quality financial institutions and the company has policies to limit the amount of exposure to any single financial institution.

The company also actively monitors global economic developments and government policies that may affect the growth rate of local economy.

**c) Liquidity risk**

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. The company is able to make daily calls on its available cash resources to settle financial and other liabilities.

**Risk management**

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the company. The company employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the company's assets. To manage and reduce liquidity risk the company's management actively seeks to match cash inflows with liability requirements.

| Liquidity Gap                 | 2017               |              |              |                    |
|-------------------------------|--------------------|--------------|--------------|--------------------|
|                               | Up to 1 Year       | 1 to 5 Years | Over 5 Years | Total              |
|                               | <u>TT\$</u>        | <u>TT\$</u>  | <u>TT\$</u>  | <u>TT\$</u>        |
| <b>Financial Assets</b>       |                    |              |              |                    |
| Cash in Hand and at Bank      | 2,233,556          | -            | -            | 2,233,556          |
| Investment                    | 1,231,892          | -            | -            | 1,231,892          |
| Accounts Receivable and       | <u>34,383,730</u>  | -            | -            | <u>34,383,730</u>  |
| Prepayments                   | <u>37,849,178</u>  | -            | -            | <u>37,849,178</u>  |
| <b>Financial Liabilities</b>  |                    |              |              |                    |
| Bank Overdraft                | 2,385,595          | -            | -            | 2,385,595          |
| Accounts Payable and Accruals | <u>129,093,374</u> | -            | -            | <u>129,093,374</u> |
|                               | <u>131,478,969</u> | -            | -            | <u>131,478,969</u> |

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**4. Financial Risk Management (Continued)**

**Risk management (continued)**

| <b>Liquidity Gap</b>          | <b>Up to 1 Year</b>       | <b>2016</b>             |                         | <b>Total</b>              |
|-------------------------------|---------------------------|-------------------------|-------------------------|---------------------------|
|                               |                           | <b>1 to 5<br/>Years</b> | <b>Over 5<br/>Years</b> |                           |
|                               | <u><b>TT\$</b></u>        | <u><b>TT\$</b></u>      | <u><b>TT\$</b></u>      | <u><b>TT\$</b></u>        |
| <b>Financial Assets</b>       |                           |                         |                         |                           |
| Cash in Hand and at Bank      | 2,398,884                 | -                       | -                       | 2,398,884                 |
| Investment                    | 4,559,692                 | -                       | -                       | 4,559,692                 |
| Accounts Receivable and       | <u>30,625,406</u>         | <u>-</u>                | <u>-</u>                | <u>30,625,406</u>         |
| Prepayments                   | <u><b>37,583,982</b></u>  | <u><b>-</b></u>         | <u><b>-</b></u>         | <u><b>37,583,982</b></u>  |
| <b>Financial Liabilities</b>  |                           |                         |                         |                           |
| Bank Overdraft                | 6,141,113                 | -                       | -                       | 6,141,113                 |
| Accounts Payable and Accruals | <u>119,261,024</u>        | <u>-</u>                | <u>-</u>                | <u>119,261,024</u>        |
|                               | <u><b>125,402,137</b></u> | <u><b>-</b></u>         | <u><b>-</b></u>         | <u><b>125,402,137</b></u> |

**Currency Risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the company's measurement currency. The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**Operational Risk**

Operational risk is the risk derived from deficiencies relating to the company's information technology and control systems as well as the risk of human error and natural disasters. The company's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error. Additionally, staff is often rotated and trained on an on-going basis.

**Compliance Risk**

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Securities and Exchange Commission of Trinidad and Tobago, as well as by the monitoring controls applied by the company. The company has an Internal Audit Department, which does routine reviews on compliance.

**Reputation Risk**

The risk of loss of reputation arising from the negative publicity relating to the company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the company. The company engages in public social endeavours to engender trust and minimize the risk.

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**5. Critical Accounting Estimates and Judgements**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed as follows;

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements apart from those involving estimations which have the most significant effect on the amounts recognised in the financial statements, are as follows;

- whether investments are classified as held to maturity investments, available for sale or loans and receivables.
- whether leases are classified as operating leases or finance leases.
- which depreciation method for plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date (requiring Management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows;

i) Impairment of Assets

Management assesses at each reporting date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Plant and Equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.



**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

|   | <b>2017</b>                | <b>2016</b>                |
|---|----------------------------|----------------------------|
|   | <b><u>TT\$</u></b>         | <b><u>TT\$</u></b>         |
| <b>6. Cash in Hand and at Bank</b>                  |                            |                            |
| Petty Cash  | 26,024                     | 19,524                     |
| First Citizens Bank Limited                         | 2,171,740                  | 2,344,542                  |
| Scotiabank Trinidad and Tobago Limited              | <u>35,792</u>              | <u>34,818</u>              |
|   | <b><u>2,233,556</u></b>    | <b><u>2,398,884</u></b>    |
| <b>7. Available for Sale Investments</b>            |                            |                            |
| First Citizens Merchant Bank Limited                | 21,283                     | 1,768,588                  |
| The Royal Merchant Bank and Finance Company Limited | 27,191                     | 27,191                     |
| Trinidad and Tobago Unit Trust Corporation          | <u>1,183,418</u>           | <u>2,763,913</u>           |
|   | <b><u>1,231,892</u></b>    | <b><u>4,559,692</u></b>    |
| <b>8. Accounts Receivable and Prepayments</b>       |                            |                            |
| Trade Receivables                                   | 45,543                     | 6,060,996                  |
| Staff Loans and Advances                            | 37,875                     | 40,529                     |
| Other Receivables                                   | 44,106,673                 | 35,068,533                 |
| Prepayments   | <u>(118,579)</u>           | <u>(856,870)</u>           |
|   | 44,071,512                 | 40,313,188                 |
| Provision for doubtful debts                        | <u>(9,687,782)</u>         | <u>(9,687,782)</u>         |
|   | <u>34,383,730</u>          | <u>30,625,406</u>          |
| Provision for Doubtful Debts                        |                            |                            |
| Balance Beginning of Year                           | 9,687,782.00               | 9,687,782.00               |
| Charge for the Year                                 | -                          | -                          |
| <b>Balance End of Year</b>                          | <b><u>9,687,782.00</u></b> | <b><u>9,687,782.00</u></b> |
| <b>9. Inventories</b>                               |                            |                            |
| Processed Aggregate and Raw Material                | 15,954,123                 | 16,054,686                 |
| Stores and Spare Parts                              | 11,779,676                 | 11,672,730                 |
| Inventory Scotts Quarry                             | (14,389,751)               | (14,389,751)               |
| Inventory Welding Supplies                          | 89,366                     | 89,106                     |
| Inventory - Other                                   | <u>412,851</u>             | <u>372,052</u>             |
|   | <b><u>13,846,265</u></b>   | <b><u>13,798,824</u></b>   |
| <b>10. Development Cost</b>                         |                            |                            |
| Balance at beginning of year                        | 10,845,711                 | 5,692,974                  |
| Additions for the year                              | -                          | 6,602,942                  |
| Amortization charge for the year                    | <u>(1,450,205)</u>         | <u>(1,450,205)</u>         |
| Balance at end of year                              | <b><u>9,395,506</u></b>    | <b><u>10,845,711</u></b>   |

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**11. Fixed Assets**

| Cost                            | Property<br>Plant and<br>Equipment | Mining<br>Equipment     | Buildings                | Office<br>Equipment     | Furniture<br>and<br>Fittings | Motor<br>Vehicles     | Road Work               | Computer<br>and<br>Equipment | Appliances            | Total                     |
|---------------------------------|------------------------------------|-------------------------|--------------------------|-------------------------|------------------------------|-----------------------|-------------------------|------------------------------|-----------------------|---------------------------|
|                                 | II\$                               | II\$                    | II\$                     | II\$                    | II\$                         | II\$                  | II\$                    | II\$                         | II\$                  | II\$                      |
| Bal as at 1 Oct 2016            | 82,863,230                         | 8,590,280               | 10,977,730               | 1,242,710               | 2,364,041                    | 396,933               | 2,182,764               | 7,833,255                    | 282,134               | 116,733,077               |
| Additions                       | <u>955,806</u>                     | <u>469,481</u>          | <u>167,293</u>           | <u>183,968</u>          | <u>157,835</u>               | -                     | -                       | <u>110,230</u>               | <u>42,727</u>         | <u>2,087,340</u>          |
| Bal as at 30 Sep 2017           | <b><u>83,819,036</u></b>           | <b><u>9,059,761</u></b> | <b><u>11,145,023</u></b> | <b><u>1,426,678</u></b> | <b><u>2,521,876</u></b>      | <b><u>396,933</u></b> | <b><u>2,182,764</u></b> | <b><u>7,943,485</u></b>      | <b><u>324,861</u></b> | <b><u>118,820,417</u></b> |
| <b>Accumulated Depreciation</b> |                                    |                         |                          |                         |                              |                       |                         |                              |                       |                           |
| Bal as at 1 Oct 2016            | 58,439,018                         | 6,577,449               | 2,250,400                | 896,833                 | 1,561,043                    | 282,189               | 449,045                 | 5,481,192                    | 188,936               | 76,126,105                |
| Charge for the Year             | <u>3,094,685</u>                   | <u>690,342</u>          | <u>176,113</u>           | <u>52,313</u>           | <u>107,172</u>               | <u>28,686</u>         | <u>34,674</u>           | <u>801,768</u>               | <u>14,936</u>         | <u>5,000,689</u>          |
| Bal as at 30 Sep 2017           | <b><u>61,533,703</u></b>           | <b><u>7,267,791</u></b> | <b><u>2,426,513</u></b>  | <b><u>949,146</u></b>   | <b><u>1,668,215</u></b>      | <b><u>310,875</u></b> | <b><u>483,719</u></b>   | <b><u>6,282,960</u></b>      | <b><u>203,872</u></b> | <b><u>81,126,794</u></b>  |
| <b>Net Book Value</b>           |                                    |                         |                          |                         |                              |                       |                         |                              |                       |                           |
| Bal as at 30 Sept 2017          | <b><u>22,285,333</u></b>           | <b><u>1,791,970</u></b> | <b><u>8,718,510</u></b>  | <b><u>477,532</u></b>   | <b><u>853,661</u></b>        | <b><u>86,058</u></b>  | <b><u>1,699,045</u></b> | <b><u>1,660,525</u></b>      | <b><u>120,989</u></b> | <b><u>37,693,623</u></b>  |
| Bal as at 30 Sept 2016          | <b><u>24,424,212</u></b>           | <b><u>2,012,831</u></b> | <b><u>8,727,330</u></b>  | <b><u>345,877</u></b>   | <b><u>802,998</u></b>        | <b><u>114,744</u></b> | <b><u>1,733,719</u></b> | <b><u>2,352,063</u></b>      | <b><u>93,198</u></b>  | <b><u>40,606,972</u></b>  |

**National Quarries Company Limited  
Notes to the Financial Statements  
30 September 2017**

**11. Fixed Assets (continued)**

| Cost                            | Property<br>Plant and<br>Equipment | Mining<br>Equipment     | Buildings                | Office<br>Equipment     | Furniture<br>and<br>Fittings | Motor<br>Vehicles     | Road Work               | Computer<br>and<br>Equipment | Appliances            | Total                     |
|---------------------------------|------------------------------------|-------------------------|--------------------------|-------------------------|------------------------------|-----------------------|-------------------------|------------------------------|-----------------------|---------------------------|
|                                 | II\$                               | II\$                    | II\$                     | II\$                    | II\$                         | II\$                  | II\$                    | II\$                         | II\$                  | II\$                      |
| Bal as at 1 Oct 2015            | 82,090,452                         | 8,269,280               | 10,615,254               | 1,235,459               | 2,253,997                    | 395,324               | 2,182,764               | 6,791,427                    | 282,134               | 119,349,046               |
| Adjustment                      | -                                  | -                       | -                        | -                       | -                            | -                     | -                       | -                            | -                     | (5,232,955)               |
| Addition                        | <u>772,778</u>                     | <u>321,000</u>          | <u>362,476</u>           | <u>7,251</u>            | <u>110,044</u>               | <u>1,609</u>          | <u>-</u>                | <u>1,041,828</u>             | <u>-</u>              | <u>2,616,986</u>          |
| Bal as at 30 Sept 2016          | <b><u>82,863,230</u></b>           | <b><u>8,590,280</u></b> | <b><u>10,977,730</u></b> | <b><u>1,242,710</u></b> | <b><u>2,364,041</u></b>      | <b><u>396,933</u></b> | <b><u>2,182,764</u></b> | <b><u>7,833,255</u></b>      | <b><u>282,134</u></b> | <b><u>116,733,077</u></b> |
| <b>Accumulated Depreciation</b> |                                    |                         |                          |                         |                              |                       |                         |                              |                       |                           |
| Bal as at 1 Oct 2015            | 54,963,795                         | 5,835,688               | 2,070,413                | 849,191                 | 1,450,371                    | 250,299               | 413,663                 | 4,614,270                    | 176,192               | 70,623,882                |
| Charge for the Year             | <u>3,475,223</u>                   | <u>741,761</u>          | <u>179,987</u>           | <u>47,642</u>           | <u>110,672</u>               | <u>31,890</u>         | <u>35,382</u>           | <u>866,922</u>               | <u>12,744</u>         | <u>5,502,223</u>          |
| Bal as at 30 Sept 2016          | <b><u>58,439,018</u></b>           | <b><u>6,577,449</u></b> | <b><u>2,250,400</u></b>  | <b><u>896,833</u></b>   | <b><u>1,561,043</u></b>      | <b><u>282,189</u></b> | <b><u>449,045</u></b>   | <b><u>5,481,192</u></b>      | <b><u>188,936</u></b> | <b><u>76,126,105</u></b>  |
| <b>Net Book Value</b>           |                                    |                         |                          |                         |                              |                       |                         |                              |                       |                           |
| Bal as at 30 Sept 2016          | <b><u>24,424,212</u></b>           | <b><u>2,012,831</u></b> | <b><u>8,727,330</u></b>  | <b><u>345,877</u></b>   | <b><u>802,998</u></b>        | <b><u>114,744</u></b> | <b><u>1,733,719</u></b> | <b><u>2,352,063</u></b>      | <b><u>93,198</u></b>  | <b><u>40,606,972</u></b>  |
| Bal as at 30 Sept 2015          | <b><u>27,126,657</u></b>           | <b><u>2,433,592</u></b> | <b><u>8,544,841</u></b>  | <b><u>386,268</u></b>   | <b><u>803,626</u></b>        | <b><u>145,025</u></b> | <b><u>1,769,101</u></b> | <b><u>2,177,157</u></b>      | <b><u>105,942</u></b> | <b><u>48,725,164</u></b>  |

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

|  | <b>2017</b>             | <b>2016</b>             |
|--|-------------------------|-------------------------|
|  | <b><u>TT\$</u></b>      | <b><u>TT\$</u></b>      |
| <b>12. Bank Overdraft</b>              |                         |                         |
| Scotiabank Trinidad and Tobago Limited | 25                      | 25                      |
| First Citizens Bank Limited            | <u>2,385,570</u>        | <u>6,141,088</u>        |
|  | <b><u>2,385,595</u></b> | <b><u>6,141,113</u></b> |

The bank overdraft facility held at First Citizens Bank Limited has an amount of \$1,000,000 with a prime interest rate of 9.25%. Any excess of the approved limit will attract an interest rate of 24% per annum. The purpose of the overdraft facility is to assist with meeting the daily working capital requirements of the business.

NQCL also has another overdraft facility held at Scotiabank Trinidad and Tobago Limited, which has an amount of \$500,000 with a prime interest rate of 11.75%. This overdraft is secured by the Certificate of Deposit #8846265 held at Scotiabank Trinidad and Tobago Limited in the amount of \$500,000.

|   |                           |                           |
|---|---------------------------|---------------------------|
| <b>13. Accounts Payables and Accruals</b> |                           |                           |
| Trade Payables                            | 55,282,009                | 56,038,362                |
| Other Payables                            | <u>73,811,365</u>         | <u>63,222,662</u>         |
|   | <b><u>129,093,374</u></b> | <b><u>119,261,024</u></b> |

|                             |          |              |
|-----------------------------|----------|--------------|
| <b>14. Loans</b>            |          |              |
| First Citizens Bank Limited | -        | (2,797)      |
| Less: Current Portion       | <u>-</u> | <u>2,797</u> |
| Non-Current Portion         | <u>-</u> | <u>-</u>     |

|  |                          |                          |
|--|--------------------------|--------------------------|
| <b>15. Stated Capital</b>                  |                          |                          |
| Authorized -                               |                          |                          |
| Unlimited ordinary shares of no par value  |                          |                          |
| Issued-                                    |                          |                          |
| 23,280,000 ordinary shares of no par value | 2,480,000                | 2,480,000                |
| Deposit on shares                          | <u>26,427,000</u>        | <u>26,427,000</u>        |
|  | <b><u>28,907,000</u></b> | <b><u>28,907,000</u></b> |

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

|                                   | <b>2017</b>              | <b>2016</b>              |
|-----------------------------------|--------------------------|--------------------------|
|                                   | <b><u>TT\$</u></b>       | <b><u>TT\$</u></b>       |
| <b>16. Cost of Sales</b>          |                          |                          |
| Opening inventories               | 13,798,823               | 28,975,257               |
| Amortization of development costs | 1,450,205                | 1,450,205                |
| Depreciation                      | 3,333,793                | 3,082,916                |
| Direct costs                      | 42,754,062               | 43,913,758               |
| Environmental Rehabilitation      | 47,250                   | 1,250                    |
| Royalties                         | 3,848,648                | 4,961,183                |
| Motor Vehicle Expenses            | 143,784                  | 139,594                  |
| Repairs and Maintenance           | 5,105,486                | 5,970,082                |
| Salaries and Wages                | <u>15,639,407</u>        | <u>19,598,271</u>        |
|                                   | 86,121,458               | 108,092,516              |
| Less: Closing inventories         | <u>(13,846,265)</u>      | <u>(13,798,823)</u>      |
|                                   | <b><u>72,275,193</u></b> | <b><u>94,293,693</u></b> |

**17. Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

Key Management Personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the Company.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

Balances and transactions with related parties and key management personnel during the year were as follows;

**Expenses**

|                   |                |                |
|-------------------|----------------|----------------|
| Director Fees     | 394,500        | 287,803        |
| Director Expenses | <u>433,207</u> | <u>329,141</u> |

**Key Management Compensation**

|                     |                  |                  |
|---------------------|------------------|------------------|
| Short Term Benefits | <u>2,403,821</u> | <u>2,173,383</u> |
|---------------------|------------------|------------------|

**National Quarries Company Limited**  
**Notes to the Financial Statements**  
**30 September 2017**

**18. Fair Values**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

**i) Short term financial assets and liabilities**

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, sundry debtors and creditors, amounts due from clients and due to insurers and clients, are a reasonable estimate of their fair values because of the short maturity of these instruments.

**ii) Long term financial assets and liabilities**

In the absence of an active market for the company's long-term floating rate financial asset, it is not possible to determine the fair value of these financial instruments. The company's long-term financial liability is assumed to equate with market as the interest rate is fixed.

**19. Capital Risk Management:**

The company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders. The company's overall strategy remains unchanged from previous years.

The capital structure of the company consists of equity attributable to shareholders and comprises stated capital and accumulated surplus.