



Chartered Accountants  
& Business Advisors

**NATIONAL QUARRIES COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**NATIONAL QUARRIES COMPANY LIMITED****I N D E X**

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NATIONAL QUARRIES  
COMPANY LIMITED

ISO 9001:2008 CERTIFIED  
ISO 14001:2004 CERTIFIED

**CORPORATE OFFICE:**

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Tel: (868) 646-3682 Fax (868) 642-9161 Website: [www.nqcl.co.tt](http://www.nqcl.co.tt)

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**LIMESTONE DIVISION:**

Verdant Vale, Blanchisseuse Road, Blanchisseuse, Trinidad W.I.  
Mailing Address: P.O. Bag 562, Maloney

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 September 30, 2016, the statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring the company 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 company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, 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.

  
Denise Douglas

Chief Financial Officer

July 14<sup>th</sup>, 2020

  
Earl Wilson

Chief Executive Officer

July 14<sup>th</sup>, 2020



Chartered Accountants  
& Business Advisors

## INDEPENDENT AUDITORS' REPORT

### National Quarries Company Limited

We were engaged to audit the accompanying financial statements of National Quarries Company Limited, which comprise the statement of financial position as at 30 September 2016, the statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *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 existence, completeness, valuation and ownership of bank overdraft, accounts receivable and prepayments, accounts payable and accruals, development costs, inventory, fixed assets, environmental rehabilitation, and royalties payable as at 30 September 2016. The company also did not provide the required evidence to substantiate the completeness and valuation of sales and expenditure for the year ended 30 September 2016.

We were unable to confirm or verify by alternative means, the existence, completeness, valuation and ownership of bank overdraft, accounts receivable and prepayments, accounts payable and accruals, development costs, inventory, fixed assets, environmental rehabilitation, and royalties payable as at 30 September 2016. We were also unable to confirm or verify by alternative means, the completeness and valuation of sales and expenditure for the year ended 30 September 2016.

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 these financial statements.

PKF

Barataria  
14 July 2020

Telephone: (868) 235-5063  
Address: 111 Eleventh Street, Barataria, Trinidad, West Indies  
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Partners: Renée-Lisa Philip Mark K. Superville

**NATIONAL QUARRIES COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

<u>ASSETS</u>	<u>Notes</u>	<u>30 September</u>	<u>2015</u>
		2016	(\$)
		(\$)	(\$)
<b>Current Assets:</b>			
Cash in hand and at bank	6	2,398,884	412,477
Investments	7	4,559,692	2,712,291
Accounts receivable and prepayments	8	30,625,406	40,234,950
Inventories	9	13,798,823	28,975,257
Taxation recoverable		<u>341,435</u>	<u>175,291</u>
Total Current Assets		<u>51,724,240</u>	<u>72,510,267</u>
<b>Non-Current Assets:</b>			
Development cost	10	10,845,711	5,692,974
Fixed assets	11	<u>40,606,972</u>	<u>48,725,164</u>
Total Non-Current Asset		<u>51,452,683</u>	<u>54,418,138</u>
<b>Total Assets</b>		<b><u>103,176,923</u></b>	<b><u>126,928,405</u></b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>Current Liabilities:</b>			
Bank overdraft	12	6,141,113	19,698,218
Accounts payable and accruals	13	119,261,024	83,521,558
Loans - current portion	14	<u>(2,798)</u>	<u>1,767,573</u>
Total Current Liabilities		<u>125,399,339</u>	<u>104,987,349</u>
<b>Non-Current Liabilities:</b>			
Royalties payable		25,479,811	38,539,964
Environmental rehabilitation		24,417,601	18,911,549
Loans - non-current portion	14	<u>-</u>	<u>374,148</u>
Total Non-Current Liabilities		<u>49,897,412</u>	<u>57,825,661</u>
Total Liabilities		<u>175,296,751</u>	<u>162,813,010</u>
<b>Shareholder's Equity:</b>			
Stated capital	16	28,907,000	28,907,000
Accumulated deficit		<u>(101,026,828)</u>	<u>(64,791,605)</u>
Total Shareholder's Equity		<u>(72,119,828)</u>	<u>(35,884,605)</u>
<b>Total Liabilities and Shareholder's Equity</b>		<b><u>103,176,923</u></b>	<b><u>126,928,405</u></b>

These financial statements were approved by the Board of Directors and authorised for issue on 14 July 2020 and signed on their behalf by:

  
 Director

  
 Director

(The accompanying notes form part of these financial statements)

## NATIONAL QUARRIES COMPANY LIMITED

## STATEMENT OF INCOME

	For the year ended 30 September	
	<u>2016</u>	<u>2015</u>
	(\$)	(\$)
Sales	95,846,428	125,731,168
Cost of Sales (Note 17)	<u>(94,293,693)</u>	<u>(114,820,622)</u>
Interest and other revenue	1,552,735	10,910,546
	<u>430,631</u>	<u>324,000</u>
	<u>1,983,366</u>	<u>11,234,546</u>
<b>General and Administrative Expenses:</b>		
Advertising and promotions	946,236	2,632,852
Audit fees	361,425	160,000
Bank charges and interest	454,004	638,098
Consultancy fees	2,181,027	2,760,572
Depreciation	2,419,307	1,376,376
Directors' fees	287,803	304,500
Directors' expense	41,337	31,771
Donations and subscriptions	564,860	3,586,858
Electricity and telephone	481,080	856,778
Entertainment	2,643	5,134
Green Fund Levy	247,940	126,055
Impairment loss	8,711,586	-
Insurance	197,415	347,143
Legal and professional fees	983,516	1,068,512
Miscellaneous expenses	31,261	352,498
Motor vehicle expenses	46,736	38,698
Penalties and interest	6,110,502	197,611
Printing and stationery	50,893	150,672
Rental	950,377	971,125
Repairs and maintenance	729,496	702,217
Salaries and staff benefits	10,893,098	12,648,904
Security	441,990	443,641
Severance benefit	220,814	106,311
Staff training	116,245	413,882
Travelling	<u>251,121</u>	<u>297,725</u>
	<u>37,722,712</u>	<u>30,217,933</u>
Net loss before taxation	(35,739,346)	(18,983,387)
Taxation (Note 18)	<u>(495,877)</u>	<u>(252,074)</u>
Net loss for the year	<u>(36,235,223)</u>	<u>(19,235,461)</u>

(The accompanying notes form part of these financial statements)

**NATIONAL QUARRIES COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	<u>Stated Capital</u>	<u>Accumulated Deficit</u>	<u>Shareholder's Equity</u>
Balance as at 1 October 2014	28,907,000	(45,556,144)	(16,649,144)
Net loss for the year	<u>-</u>	<u>(19,235,461)</u>	<u>(19,235,461)</u>
Balance as at 30 September 2015	<u>28,907,000</u>	<u>(64,791,605)</u>	<u>(35,884,605)</u>
Balance as at 1 October 2015	28,907,000	(64,791,605)	(35,884,605)
Net loss for the year	<u>-</u>	<u>(36,235,223)</u>	<u>(36,235,223)</u>
Balance as at 30 September 2016	<u>28,907,000</u>	<u>(101,026,828)</u>	<u>(72,119,828)</u>

(The accompanying notes form part of these financial statements)

**NATIONAL QUARRIES COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**

	<b>For the year ended</b>	
	<b>30 September</b>	<b>2015</b>
	<b>2016</b>	<b>2015</b>
	<b>(\$)</b>	<b>(\$)</b>
<b>Operating Activities:</b>		
Net loss before taxation	(35,739,346)	(18,983,386)
Adjustment for items not requiring the use of funds: -		
Impairment loss	8,711,586	-
Depreciation	5,502,223	6,357,355
Amortization of development cost	<u>1,450,205</u>	<u>3,389,525</u>
	(20,075,332)	(9,236,506)
Net change in accounts receivable and prepayments	897,958	(17,774,238)
Net change in inventories	15,176,434	(253,017)
Net change in accounts payable and accruals	35,739,466	(6,770,899)
Net change in provision for environmental rehabilitation	5,506,052	-
Net change in royalties payable	(13,060,153)	4,814,273
Taxation	<u>(662,020)</u>	<u>(257,407)</u>
Cash provided by/(used in) operating activities	<u>23,522,405</u>	<u>(29,477,794)</u>
<b>Investing Activities:</b>		
Net movement on fixed assets	2,615,969	(1,973,066)
Net movement in development cost	<u>(6,602,942)</u>	<u>-</u>
Cash used in investing activities	<u>(3,986,973)</u>	<u>(1,973,066)</u>
<b>Financing Activities:</b>		
Net change in loans	<u>(2,144,519)</u>	<u>(3,323,492)</u>
Cash used in financing activities	<u>(2,144,519)</u>	<u>(3,323,492)</u>
Net change in cash resources	17,390,913	(34,774,352)
Cash resources - at beginning of year	<u>(16,573,450)</u>	<u>18,200,902</u>
- at end of year	<u><b>817,463</b></u>	<u><b>(16,573,450)</b></u>
<b>Represented by:</b>		
Cash in hand and at bank	2,398,884	412,477
Investments	4,559,692	2,712,291
Bank overdraft	<u>(6,141,113)</u>	<u>(19,698,218)</u>
	<u><b>817,463</b></u>	<u><b>(16,573,450)</b></u>

(The accompanying notes form part of these financial statements)



**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**1. Incorporation and Principal Business Activity:**

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. Going Concern:**

The company has generated net losses of **\$36,235,223** for the year ended 30 September 2016 which resulted in an Accumulated Deficit of **(\$101,026,828)**. Additionally, the company's liabilities exceed its current assets by **\$73,675,099** as at the year-end. Notwithstanding this fact, the financial statements have been prepared on the 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.

**3. Summary of Significant Accounting Policies:**

**(a) Basis of financial statements preparation -**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars rounded to the nearest dollar. These financial statements are stated on the historical cost basis, except for the measurement at fair value of available-for-sale investments and certain other financial instruments.

**(b) Use of estimates -**

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

**(c) Inventories -**

Inventories are stated at the lower of cost and selling price less costs to complete and sell.

**(d) Taxation -**

Deferred income tax is provided, using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**3. Summary of Significant Accounting Policies (Cont'd):**

**(d) Taxation (cont'd) -**

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilised.

**(e) Fixed assets and depreciation -**

(i) Fixed assets are stated at historical cost or valuation less related accumulated depreciation.

(ii) 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 assigned in the month of disposal.

The rates used are as follows:-

Property, plant and equipment	12.5%
Mining equipment	33.33%
Buildings	2%
Office equipment, furniture and fittings	12.5%
Motor vehicles	25%
Road work	2%
Computer equipment	33.33%
Appliances	12.5%

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to 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.

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**3. Summary of Significant Accounting Policies (Cont'd):**

**(e) Fixed assets and depreciation (cont'd) -**

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.

**(f) Development cost -**

The company has capitalized capping costs incurred on mining pits and has classified these costs as development cost in conformance with IFRS 6. 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.

**(g) New Accounting Standards and Interpretations -**

**i)** The Company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Company or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

**IFRS 5** Non-current Assets Held for Sale and Discontinued Operations - Amendments regarding changes in methods of disposal (effective for accounting periods beginning on or after 1 January 2016).

**IFRS 7** Financial Instruments: Disclosures - Servicing contracts and applicability to condense interim financial statements (effective for accounting periods beginning on or after 1 January 2016).

**IFRS 9** Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).

**IFRS 10** Consolidated Financial Statements - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

**IFRS 11** Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016).

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**3. Summary of Significant Accounting Policies (Cont'd):**

- (g) **New Accounting Standards and Interpretations (cont'd) -**
- IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).
- IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).
- IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2016).
- IAS 7 Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).
- IAS 12 Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).
- IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 19 Employee Benefits: Disclosures - Amendments regarding discount rate: regional market issue (effective for accounting periods beginning on or after 1 January 2016).
- IAS 27 Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint effective for accounting periods beginning on or after 1 January 2016).
- IAS 28 Investment in Associates - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**3. Summary of Significant Accounting Policies (Cont'd):**

**(g) New Accounting Standards and Interpretations (cont'd) -**

- |        |                                                                                                                                                                                                   |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IAS 34 | Interim Financial Reporting - Amendments regarding disclosure of information "elsewhere in the interim financial report" (effective for accounting periods beginning on or after 1 January 2016). |
| IAS 38 | Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).        |
| IAS 41 | Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).                                                 |

**(h) Investments -**

The company has classified all investments into the following categories:

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 unrealised gains or losses recognised in the Investment Re-measurement Reserve.

For actively traded investments, fair value is determined by reference to the Stock Exchange quoted market prices at the reporting date, adjusted for transaction costs necessary to realise the investment. For investments where there is no quoted market price, the carrying value is deemed to approximate fair value.

**(i) 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 recognised on the company's 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 an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**3. Summary of Significant Accounting Policies (Cont'd):**

**(i) Financial instruments (cont'd) -**

When financial assets are recognised initially, they are measured at fair value of 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.
- 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.

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**2. Summary of Significant Accounting Policies (Cont'd):**

**(i) Financial instruments (cont'd) -**

**Impairment of financial assets**

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.

**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.

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**3. Summary of Significant Accounting Policies (Cont'd):**

**(i) Financial instruments (cont'd) -**

**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 re-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 at 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 2016**

**3. Summary of Significant Accounting Policies (Cont'd):**

**(i) Financial instruments (cont'd) -**

Leasing commitments

Assets obtained under finance leases are capitalised 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.

**(j) Foreign currency -**

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the reporting date. All revenue and expenditure transactions denominated in foreign currencies are translated at the average rate and the resulting profits and losses on exchange from these trading activities are recorded in the Statement of Comprehensive Income.

Foreign current transactions are recorded at the exchange rates ruling at the date of the transactions.

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**3. Summary of Significant Accounting Policies (Cont'd):**

**(k) Comparative figures -**

Certain changes in the presentation have been made during the year and comparative figures have been restated accordingly. These changes have no impact on the surplus reported for the previous year. In particular, Green Fund Levy has been reclassified from administrative expenses to taxation expenses.

**(l) Provisions -**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**(m) Income recognition -**

The company derives its income from the sale of aggregate processed. Income is recognized upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes 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:

NATIONAL QUARRIES COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

4. Financial Risk Management (Cont'd):

**Financial risk factors (cont'd)**

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

	2016	2015
	Carrying Value (\$)	Carrying Value (\$)
	Fair Value (\$)	Fair Value (\$)
<b>Financial Assets</b>		
Cash in hand and at bank	2,398,884	412,477
Investments	4,559,692	2,712,291
Accounts receivable and prepayments	30,625,406	40,234,950
<b>Financial Liabilities</b>		
Bank overdraft	6,141,113	6,141,113
Accounts payable and accruals	119,261,024	119,261,024
<b>Financial Assets</b>		
Cash in hand and at bank	412,477	412,477
Investments	2,712,291	2,712,291
Accounts receivable and prepayments	40,234,950	40,234,950
<b>Financial Liabilities</b>		
Bank overdraft	19,698,218	19,698,218
Accounts payable and accruals	83,521,558	83,521,558

NATIONAL QUARRIES COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

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4. Financial Risk Management (Cont'd):

(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.

	Effective Rate (\$)	2016			Non- Interest Bearing (\$)	Total (\$)
		Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)		
<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	0.0%	-	-	-	30,625,406	30,625,406
		<u>5,271,120</u>	<u>-</u>	<u>-</u>	<u>32,312,862</u>	<u>37,583,982</u>
<b>Financial Liabilities</b>						
Bank overdraft	9.25%	6,141,113	-	-	-	6,141,113
Accounts payable and accruals	0.00%	-	-	-	119,261,024	119,261,024
		<u>6,141,113</u>	<u>-</u>	<u>-</u>	<u>119,261,024</u>	<u>125,402,137</u>

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**4. Financial Risk Management (Cont'd):**

	Effective Rate (\$)	2015			Total (\$)
		Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	
<b>Financial Assets</b>					
Cash in hand and at bank	0-0.75%	22,837	-	-	412,477
Investment	0.35-1.00%	2,712,291	-	-	2,712,291
Accounts receivable and prepayments	0.0%	-	-	-	40,234,950
		<u>2,735,128</u>	<u>-</u>	<u>-</u>	<u>43,359,718</u>
<b>Financial Liabilities</b>					
Bank overdraft	7.50%	19,698,218	-	-	19,698,218
Accounts payable and accruals	0.00%	-	-	-	83,521,558
		<u>19,698,218</u>	<u>-</u>	<u>-</u>	<u>103,219,776</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.

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 the 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.

NATIONAL QUARRIES COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

4. Financial Risk Management (Cont'd):

(c) Liquidity risk (cont'd) -

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

	Up to <u>1 year</u> (\$)	1 to <u>5 years</u> (\$)	2016 <u>Over 5 years</u> (\$)	<u>Total</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 prepayments	<u>30,625,406</u>	<u>-</u>	<u>-</u>	<u>30,625,406</u>
	<u><b>37,583,982</b></u>	<u>-</u>	<u>-</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>-</u>	<u>-</u>	<u><b>125,402,137</b></u>

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**4. Financial Risk Management (Cont'd):**

**(c) Liquidity risk (cont'd) -**

Liquidity gap (cont'd)

	<b>2015</b>		
	<b>Up to</b>	<b>1 to</b>	<b>Over</b>
	<b>1 year</b>	<b>5 years</b>	<b>5 years</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<b>Financial Assets</b>			<b>Total</b>
Cash in hand and at bank	412,477	-	412,477
Investment	2,712,291	-	2,712,291
Accounts receivable and prepayments	<u>40,234,950</u>	<u>-</u>	<u>40,234,950</u>
	<u><b>43,359,718</b></u>	<u><b>-</b></u>	<u><b>43,359,718</b></u>
<b>Financial Liabilities</b>			
Bank overdraft	19,698,218	-	19,698,218
Accounts payable and accruals	<u>83,521,558</u>	<u>-</u>	<u>83,521,558</u>
	<u><b>103,219,776</b></u>	<u><b>-</b></u>	<u><b>103,219,776</b></u>

**(d) 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.

**(e) 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.

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**4. Financial Risk Management (Cont'd):**

**(f) 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.

**(g) 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 this risk.

**5. Critical Accounting Estimates and Judgments:**

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the company's accounting policies. See **Note 3 (b)**. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. 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 discussed below:



**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**5. Critical Accounting Estimates and Judgments (Cont'd):**

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:

- i) Whether investments are classified as held to maturity investments, available for sale or loans and receivables.
- ii) Whether leases are classified as operating leases or finance leases.
- iii) 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.

**6. Cash in Hand and at Bank:**

	<u>2016</u>	<u>2015</u>
	(\$)	(\$)
Petty Cash	19,524	13,600
First Citizens Bank Limited	2,344,542	206,628
Scotiabank Trinidad and Tobago Limited	<u>34,818</u>	<u>192,249</u>
	<u><b>2,398,884</b></u>	<u><b>412,477</b></u>

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**7. Investments:**

	<u>2016</u>	<u>2015</u>
	(\$)	(\$)
<u>Available-for-sale</u>		
Scotiabank Trinidad and Tobago Limited	-	875,084
First Citizens Merchant Bank Limited	1,768,588	1,757,949
The Royal Merchant Bank and Finance Company Limited	27,191	27,191
Trinidad and Tobago Unit Trust Corporation	<u>2,763,913</u>	<u>52,067</u>
	<u><b>4,559,692</b></u>	<u><b>2,712,291</b></u>

**8. Accounts Receivable and Prepayments:**

	<u>2016</u>	<u>2015</u>
	(\$)	(\$)
(a) Trade receivables	6,060,996	14,785,740
Staff loans and advances	40,529	51,552
Other receivables	35,068,533	35,085,440
Prepayments	<u>(856,870)</u>	<u>-</u>
Provision for doubtful debts	40,313,188	49,922,732
	<u>(9,687,782)</u>	<u>(9,687,782)</u>
	<u><b>30,625,406</b></u>	<u><b>40,234,950</b></u>
(b) Provision for doubtful debts		
Balance, beginning of year	9,687,782	9,687,782
Charge for the year	<u>-</u>	<u>-</u>
Balance, end of year	<u><b>9,687,782</b></u>	<u><b>9,687,782</b></u>

## NATIONAL QUARRIES COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

9. Inventories:

	<u>2016</u> (\$)	<u>30 September</u> <u>2015</u> (\$)
Processed aggregate and raw material	16,054,686	15,672,917
Stores and spare parts	11,672,730	11,997,443
Inventory - Scotts Quarry	(14,389,751)	878,960
Inventory - Welding supplies	89,106	88,148
Inventory - Other	<u>372,052</u>	<u>337,789</u>
	<u><b>13,798,823</b></u>	<u><b>28,975,257</b></u>

10. Development Cost:

	<u>2016</u> (\$)	<u>30 September</u> <u>2015</u> (\$)
Balance, beginning of year	5,692,974	9,082,500
Addition for the year	6,602,942	-
Amortisation charge for the year	<u>(1,450,205)</u>	<u>(3,389,526)</u>
Balance, end of year	<u><b>10,845,711</b></u>	<u><b>5,692,974</b></u>

## NATIONAL QUARRIES COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

11. Fixed Assets:

	<u>Property, Plant and Equipment</u> (\$)	<u>Mining Equipment</u> (\$)	<u>Buildings</u> (\$)	<u>Office Equipment</u> (\$)	<u>Furniture and Fittings</u> (\$)	<u>Motor Vehicles</u> (\$)	<u>Road Work</u> (\$)	<u>Computer Equipment</u> (\$)	<u>Appliances</u> (\$)	<u>Construction in Progress</u> (\$)	<u>Total</u> (\$)
<b>Cost</b>											
Balance as at 1 October 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	5,232,955	119,349,046
Adjustments	-	-	-	-	-	-	-	-	-	(5,232,955)	(5,232,955)
Additions	<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>-</u>	<u>2,616,986</u>
Balance as at 30 September 2016	<u>82,863,230</u>	<u>8,590,280</u>	<u>10,977,730</u>	<u>1,242,710</u>	<u>2,364,041</u>	<u>396,933</u>	<u>2,182,764</u>	<u>7,833,255</u>	<u>282,134</u>	<u>-</u>	<u>116,733,077</u>
<b>Accumulated Depreciation</b>											
Balance as at 1 October 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>-</u>	<u>5,502,223</u>
Balance as at 30 September 2016	<u>58,439,018</u>	<u>6,577,449</u>	<u>2,250,400</u>	<u>896,833</u>	<u>1,561,043</u>	<u>282,189</u>	<u>449,045</u>	<u>5,481,192</u>	<u>188,936</u>	<u>-</u>	<u>76,126,105</u>
<b>Net Book Value</b>											
Balance as at 30 September 2016	<u>24,424,212</u>	<u>2,012,831</u>	<u>8,727,330</u>	<u>345,877</u>	<u>802,998</u>	<u>114,744</u>	<u>1,733,719</u>	<u>2,352,063</u>	<u>93,198</u>	<u>-</u>	<u>40,606,972</u>
Balance as at 30 September 2015	<u>27,126,657</u>	<u>2,433,592</u>	<u>8,544,841</u>	<u>386,268</u>	<u>803,626</u>	<u>145,025</u>	<u>1,769,101</u>	<u>2,177,157</u>	<u>105,942</u>	<u>5,232,955</u>	<u>48,725,164</u>

## NATIONAL QUARRIES COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

11. Fixed Assets (Cont'd):

	<u>Property, Plant and Equipment</u> (\$)	<u>Mining Equipment</u> (\$)	<u>Buildings</u> (\$)	<u>Office Equipment</u> (\$)	<u>Furniture and Fittings</u> (\$)	<u>Motor Vehicles</u> (\$)	<u>Road Work</u> (\$)	<u>Computer Equipment</u> (\$)	<u>Appliances</u> (\$)	<u>Construction in Progress</u> (\$)	<u>Total</u> (\$)
<b>Cost</b>											
Balance as at 1 October 2014	82,090,452	7,839,481	10,515,254	1,160,739	2,045,898	395,324	2,182,764	6,044,706	271,137	4,830,225	117,375,980
Additions	-	429,799	100,000	74,720	208,099	-	-	746,721	10,997	402,730	1,973,066
Balance as at 30 September 2015	<u>82,090,452</u>	<u>8,269,280</u>	<u>10,615,254</u>	<u>1,235,459</u>	<u>2,253,997</u>	<u>395,324</u>	<u>2,182,764</u>	<u>6,791,427</u>	<u>282,134</u>	<u>5,232,955</u>	<u>119,349,046</u>
<b>Accumulated Depreciation</b>											
Balance as at 1 October 2014	51,088,587	4,766,021	1,898,069	799,931	1,347,383	201,890	377,559	3,625,324	161,763	-	64,266,527
Charge for the year	<u>3,875,208</u>	<u>1,069,667</u>	<u>172,344</u>	<u>49,260</u>	<u>102,988</u>	<u>48,409</u>	<u>36,104</u>	<u>988,946</u>	<u>14,429</u>	<u>-</u>	<u>6,357,355</u>
Balance as at 30 September 2015	<u>54,963,795</u>	<u>5,835,688</u>	<u>2,070,413</u>	<u>849,191</u>	<u>1,450,371</u>	<u>250,299</u>	<u>413,663</u>	<u>4,614,270</u>	<u>176,192</u>	<u>-</u>	<u>70,623,882</u>
<b>Net Book Value</b>											
Balance as at 30 September 2015	<u><u>27,126,657</u></u>	<u><u>2,433,592</u></u>	<u><u>8,544,841</u></u>	<u><u>386,268</u></u>	<u><u>803,626</u></u>	<u><u>145,025</u></u>	<u><u>1,769,101</u></u>	<u><u>2,177,157</u></u>	<u><u>105,942</u></u>	<u><u>5,232,955</u></u>	<u><u>48,725,164</u></u>
Balance as at 30 September 2014	<u><u>31,001,665</u></u>	<u><u>3,073,460</u></u>	<u><u>8,617,184</u></u>	<u><u>360,809</u></u>	<u><u>698,514</u></u>	<u><u>193,636</u></u>	<u><u>1,805,206</u></u>	<u><u>2,419,381</u></u>	<u><u>109,374</u></u>	<u><u>4,830,225</u></u>	<u><u>53,109,453</u></u>

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**12. Bank Overdraft:**

	<u>2016</u>	<u>2015</u>
	(\$)	(\$)
30 September		
Scotia Bank Trinidad and Tobago Limited	25	-
First Citizens Bank Limited	<u>6,141,088</u>	<u>19,698,218</u>
	<u><b>6,141,113</b></u>	<u><b>19,698,218</b></u>

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 is to assist with meeting the daily working capital requirements of the business.

National Quarries Company Limited 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 a Certificate of Deposit #8846265 held at Scotiabank Trinidad and Tobago Limited in the amount of **\$500,000**.

**13. Accounts Payable and Accruals:**

	<u>2016</u>	<u>2015</u>
	(\$)	(\$)
30 September		
Trade payables	56,038,362	49,597,213
Other payables	<u>63,222,662</u>	<u>33,924,345</u>
	<u><b>119,261,024</b></u>	<u><b>83,521,558</b></u>

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**14. Loans:**

	<u>30 September</u>	<u>2015</u>	<u>2015</u>
	( <u>\$</u> )	( <u>\$</u> )	( <u>\$</u> )
First Citizens Bank Limited	(2,797)	2,141,721	
Less: Current portion	<u>2,797</u>	<u>(1,767,573)</u>	
Non-current portion	<u>—</u>	<u>374,148</u>	

A demand loan was granted during the year by First Citizens Bank Limited in the amount of **\$12,700,000** to finance an Out of Court settlement with R. A. Murray International Limited. The loan accrues an interest rate of 8% per annum. The loan is to be repaid over a seven (7) year period with monthly instalments of **\$201,693** towards principal and interest. The loan is secured by a Guarantee from the Government of the Republic of Trinidad and Tobago. The loan was fully repaid during the period.

**15. Deferred Taxation:**

	<u>30 September</u>	<u>2016</u>	<u>2015</u>
	( <u>\$</u> )	( <u>\$</u> )	( <u>\$</u> )
Balance at beginning of year	-	-	-
Effect of Statement of Comprehensive Income	-	-	-
Balance at end of year	<u>—</u>	<u>—</u>	<u>—</u>
Deferred taxation is attributable to the following items:			
Excess of net book value over written-down tax value	5,132,951	7,385,259	
Tax losses carried forward	<u>(5,132,951)</u>	<u>(7,385,259)</u>	
	<u>—</u>	<u>—</u>	<u>—</u>

The company has not recognised **\$92,167,166** of their total taxable losses of **\$112,698,971** as at 30 September 2016.

**NATIONAL QUARRIES COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2016**

**16. Stated Capital:**

	<u>2016</u>	<u>2015</u>
	(\$)	(\$)
Authorized -		
Unlimited ordinary shares of no par value	2,480,000	2,480,000
Issued -		
23,280,000 ordinary shares of no par value	<u>26,427,000</u>	<u>26,427,000</u>
Deposit on shares		
	<u><b>28,907,000</b></u>	<u><b>28,907,000</b></u>

**17. Cost of Sales:**

	<u>2016</u>	<u>2015</u>
	(\$)	(\$)
Opening inventories	28,975,257	28,722,240
Amortization of development costs	1,450,205	3,389,526
Depreciation	3,082,916	4,980,979
Direct costs	43,913,758	67,240,304
Environmental rehabilitation	1,250	665,602
Royalties	4,961,183	5,864,273
Motor vehicle expenses	139,594	138,131
Repairs and maintenance	5,970,082	9,254,954
Salaries and wages	<u>19,598,271</u>	<u>23,539,870</u>
	108,092,516	143,795,879
Less: Closing inventories	<u>(13,798,823)</u>	<u>(28,975,257)</u>
	<u><b>94,293,693</b></u>	<u><b>114,820,622</b></u>



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18. Taxation:

	<u>2016</u>	<u>2015</u>
	(\$)	(\$)
Current year's tax expense - Business Levy	<u>(495,877)</u>	<u>(252,074)</u>
Reconciliation of tax expense at statutory rate to actual tax expense		
Net loss before taxation	<u>(35,739,346)</u>	<u>(18,983,387)</u>
Tax rate at 25%	8,934,837	4,745,847
Tax effect of expenses that are not deductible for tax purposes	(1,696,935)	(922,564)
Tax on exempt income	2,962	4,438
Business Levy	(495,877)	(252,075)
Utilisation of unused taxable losses	<u>(7,240,864)</u>	<u>(3,827,720)</u>
	<u>(495,877)</u>	<u>(252,074)</u>

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**19. 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 transaction with related parties and key management personnel during the year were as follows:

	<u>2016</u>	<u>2015</u>	
	(\$)	(\$)	30 September
<b>Expenses</b>			
Directors fees	287,803	304,500	
Directors expenses	<u>41,338</u>	<u>31,771</u>	
	<u>329,141</u>	<u>336,271</u>	
<b>Key management compensation</b>			
Short-term benefits	<u>2,173,383</u>	<u>1,754,817</u>	

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**20. 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.

**21. 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.