Chartered Accountants
& Business Advisors

NATIONAL QUARRIES COMPANY LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2014

PKF

Chartered Accountants
& Business Advisors

NATIONAL QUARRIES COMPANY LIMITED

INDEX

NATIONAL QUARRIES
COMPANY LIMITED
ISO 9001:2008 CERTIFIED
ISO 14001:2004 CERTIFIED

CORPORATE OFFICE: Churchill Roosevelt Highway, Arouca, Trinidad, W.I.
Tel: (868) 646-3682 Fax: (868) 642-9161 Website: www.nqcl.co.tt

SAND AND GRAVEL DIVISION: Turure Road, Guaico, Sangre Grande, Trinidad, W.I.
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LIMESTONE DIVISION: Verdant Vale, Blanchisseuse Road, Blanchisseuse, Trinidad, W.I.
Mailing Address: P.O. Bag, 562, Maloney

February 28, 2019

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 2014, 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 that 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 utilized 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 authorized for issue, if later.

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

Mr. Mushtaq Mohammed
Chief Executive Officer

Ms. Denise Douglas
Chief Financial Officer

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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 2014, 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 2014. 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 2014.

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 2014. 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 2014.

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
28 February 2019

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

ASSETS

	Notes	30 September 2014 ($)	30 September 2013 ($)
Current Assets:			
Cash in hand and at bank	6	12,819,913	13,421,986
Investments	7	5,380,989	5,341,158
Accounts receivable and prepayments	8	22,460,712	6,520,156
Inventories	9	28,722,240	42,766,624
Taxation recoverable		169,959	170,230
Total Current Assets		69,553,813	68,220,154
Non-Current Assets:			
Development cost	10	9,082,500	12,472,026
Fixed assets	11	53,109,453	57,700,068
Total Non-Current Assets		62,191,953	70,172,094
Total Assets		131,745,766	138,392,248

LIABILITIES AND SHAREHOLDER'S EQUITY

	Notes	2014 ($)	2013 ($)
Current Liabilities:			
Bank overdraft	12	-	7,453,087
Accounts payable and accruals	13	90,292,457	74,846,942
Loans - current portion	14	2,839,666	4,678,095
Total Current Liabilities		93,132,123	86,978,124
Non-Current Liabilities:			
Royalties payable		33,725,691	30,768,814
Environmental rehabilitation		18,911,549	17,433,110
Loans – non-current portion	14	2,625,547	5,406,639
Total Non-Current Liabilities		55,262,787	53,608,563
Total Liabilities		148,394,910	140,586,687
Shareholder's Equity:			
Stated capital	16	28,907,000	28,907,000
Accumulated surplus		(45,556,144)	(31,101,439)
Total Shareholder's Equity		(16,649,144)	(2,194,439)
Total Liabilities and Shareholder's Equity		131,745,766	138,392,248

These financial statements were approved by the Board of Directors and authorised for issue on 28 February 2019 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 2014 ($)	2013 ($)
Sales	128,960,031	157,302,676
Less: Cost of Sales (**Note 17**)	122,371,761	155,539,633
	6,588,270	1,763,043
Interest and other revenue	467,433	83,256
	7,055,703	1,846,299
General and Administrative Expenses:		
Advertising and promotions	732,016	1,028,541
Audit fees	160,000	160,000
Bank charges and interest	953,987	1,062,808
Consultancy fees	786,878	664,210
Depreciation	1,091,343	167,795
Directors' fees	285,925	346,543
Directors' expense	30,629	64,341
Donations and subscriptions	1,150,841	548,174
Electricity and telephone	643,742	615,067
Entertainment	12,707	49,090
Green Fund Levy	129,400	154,421
Insurance	409,620	466,128
Legal and professional fees	1,601,155	656,940
Miscellaneous expenses	113,112	232,083
Motor vehicle expenses	47,355	18,679
Printing and stationery	74,235	130,046
Penalties and interest	9,362	11,083
Rates and taxes	-	80
Rental	844,960	1,134,728
Repairs and maintenance	510,195	227,435
Salaries and staff benefits	10,085,399	9,581,411
Security	576,621	283,416
Severance benefit	721,709	894,153
Staff training	151,499	53,839
Travelling	128,918	45,080
	21,251,608	18,596,091
Net loss before taxation	(14,195,905)	(16,749,792)
Taxation (**Note 18**)	(258,800)	(308,841)
Net loss for the year	(14,454,705)	(17,058,633)

(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 2014

	Stated Capital	Accumulated Surplus	Shareholder's Equity
Balance as at 1 October 2012	28,907,000	(14,042,806)	14,864,194
Net loss for the year	-	(17,058,633)	(17,058,633)
Balance as at 30 September 2013	28,907,000	(31,101,439)	(2,194,439)

	Stated Capital	Accumulated Surplus	Shareholder's Equity
Balance as at 1 October 2013	28,907,000	(31,101,439)	(2,194,439)
Net loss for the year	-	(14,454,705)	(14,454,705)
Balance as at 30 September 2014	28,907,000	(45,556,144)	(16,649,144)

(The accompanying notes form part of these financial statements)

NATIONAL QUARRIES COMPANY LIMITED

STATEMENT OF CASH FLOWS

	For the year ended 30 September 2014 ($)	2013 ($)
Operating Activities:		
Net loss before taxation	(14,195,905)	(16,749,792)
Adjustment for items not requiring the use of funds: -		
Depreciation	6,998,480	6,709,273
Amortization of development costs	3,389,525	3,389,525
Profit on sale of fixed asset	(79,842)	-
	(3,887,742)	(6,650,994)
Net change in accounts receivable and prepayments	(15,940,556)	2,962,826
Net change in inventories	14,044,384	18,463,919
Net change in accounts payable and accruals	15,445,515	(13,362,838)
Net change in provision for environmental rehabilitation	1,478,439	1,902,097
Net change in royalties payable	2,956,877	3,804,193
Taxation	(258,528)	(458,454)
Cash provided by operating activities	13,838,389	6,660,749
Investing Activities:		
Purchase of fixed assets	(2,548,023)	(4,903,762)
Proceeds from sale of fixed asset	220,000	-
Net change in development cost	-	4,761,837
Cash used in investing activities	(2,328,023)	(141,925)
Financing Activities:		
Net change in loans	(4,619,521)	(3,538,756)
Cash used in financing activities	(4,619,521)	(3,538,756)
Net change in cash resources	6,890,845	2,980,068
Cash resources - at beginning of year	11,310,057	8,329,989
- at end of year	**18,200,902**	**11,310,057**
Represented by:		
Cash in hand and at bank	12,819,913	13,421,986
Investments	5,380,989	5,341,158
Bank overdraft	-	(7,453,087)
	18,200,902	**11,310,057**

(The accompanying notes form part of these financial statements)

NATIONAL QUARRIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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 **$14,454,705** for the year ended 30 September 2014 which resulted in an Accumulated Deficit of **($45,556,144)**. Additionally, the company's liabilities exceed its current assets by **$23,578,310** 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.

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.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the timing of the reversal of the temporary difference can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

NATIONAL QUARRIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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 2014

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 applied the following standards and amendments that became effective during the current year, as they do apply to the activities of the company:

IFRS 7 Financial Instruments: Disclosure – Amendment on the disclosure of offsetting financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2013).

IFRS 13 Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013).

NATIONAL QUARRIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

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

ii) The company has not applied the following standards and amendments that became effective during the current year, as they do not apply to the activities of the company:

IAS 16	Property, Plant and Equipment – Amendment re: classification of servicing equipment (effective for accounting periods beginning on or after 1 January 2013).
IAS 19	Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective for accounting periods beginning on or after 1 January 2013).
IAS 27	Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013).
IAS 28	Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013).
IAS 34	Interim Financial Reporting – Amendment on the clarification of interim financial reporting on segment information (effective for accounting periods beginning on or after 1 January 2013).
IFRS 10	Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013).
IFRS 10	Consolidated Financial Statements – Amendment to the transition guidance on consolidated financial statements, joint arrangements and disclosures of interest in other entities (effective for accounting periods beginning on or after 1 January 2013).
IFRS 11	Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013).
IFRS 12	Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013).
IFRIC 12	Stripping Cost in the Production Phase of a Surface Mine (effective for accounting periods beginning on or after 1 January 2013).

NATIONAL QUARRIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

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

iii) 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 1 First-time Adoption of International Financial Reporting Standards – Amendment on borrowing costs relating to qualifying assets (effective for accounting periods beginning on or after 1 January 2013).

IFRS 1 First-time Adoption of International Financial Reporting Standards – Government Loans (effective for accounting periods beginning on or after 1 January 2013).

IFRS 2 Share-based payment – Amendment to the definition of vesting condition (effective for accounting periods beginning on or after 1 July 2014).

IFRS 3 Business Combinations – Amendment re: accounting for a contingent consideration in a business combination (effective for accounting periods beginning on or after 1 July 2014).

IFRS 3 Business Combinations – Amendment on the scope of exception for joint ventures (effective for accounting periods beginning on or after 1 July 2014).

IFRS 8 Operating Segments – Amendment re: disclosure of the aggregation of operating segments and the reconciliation of assets (effective for accounting periods beginning on or after 1 July 2014).

IFRS 9 Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2018).

IFRS 9 Financial Instruments: Accounting for Financial Liabilities and Derecognition (effective for accounting periods beginning on or after 1 January 2018).

IFRS 10 Consolidated Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014).

IFRS 11 Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013).

IFRS 12 Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013).

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

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

IFRS 13	Fair Value Measurement – Amendment re: clarification of portfolio exception (effective for periods beginning on or after 1 July 2014).
IFRS 14	Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).
IAS 1	Presentation of Financial Statements – Amendment re: clarification of the requirement for comparative information (effective for accounting periods beginning on or after 1 July 2013).
IAS 16	Property, Plant and Equipment – Amendment re: proportionate restatement of accumulated depreciation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).
IAS 24	Related Party Disclosures – Amendment on disclosures for entities providing key management personnel services (effective for accounting periods beginning on or after 1 July 2014).
IAS 27	Separate Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014).
IAS 32	Financial Instruments; Presentation – Amendment re: application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014).
IAS 36	Impairment of Assets – Amendment re: disclosure of recoverable amount on non-financial assets (effective for accounting periods beginning on or after 1 January 2014).
IAS 38	Intangible Assets – Amendment re: the proportionate restatement of accumulated amortisation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).
IAS 39	Financial Instruments: Recognition and Measurement – Amendment re: the novation of derivatives and continuation of hedge accounting (effective for accounting periods beginning on or after 1 January 2014).
IAS 40	Investment Property – Amendment re: clarification of specific transactions that are both business combinations and investment property (effective for accounting periods beginning on or after 1 July 2014).
IFRIC 21	Levies (effective for periods beginning on or after 1 January 2014).

The adoption of IFRS 9 Financial Instruments may result in significant changes in the company's classification and presentation of financial instruments.

NATIONAL QUARRIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

(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 2014

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.

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 in 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.

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 2014

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.

(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.

NATIONAL QUARRIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

(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:

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

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:

	2014	
	Carrying Value ($)	**Fair Value ($)**
Financial Assets		
Cash in hand and at bank	12,819,913	12,819,913
Investments	5,380,989	5,380,989
Accounts receivable and prepayments	22,460,712	22,460,712
Financial Liabilities		
Accounts payable and accruals	90,292,457	90,292,457

	2013	
	Carrying Value ($)	**Fair Value ($)**
Financial Assets		
Cash in hand and at bank	13,421,986	13,421,986
Investments	5,341,158	5,341,158
Accounts receivable and prepayments	6,520,156	6,520,156
Financial Liabilities		
Bank overdraft	7,453,087	7,453,087
Accounts payable and accruals	74,846,942	74,846,942

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.

	2014					
	Effective Rate ($)	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets						
Cash in hand and at bank	0.10%	346,574	-	-	12,473,339	12,819,913
Investment	0.60-1.05%	5,380,989	-	-	-	5,380,989
Accounts receivable and prepayments	0.0%	-	-	-	22,460,712	22,460,712
		5,727,563	-	-	34,934,051	40,661,614
Financial Liabilities						
Accounts payable and accruals	0.0%	-	-	-	90,292,457	90,292,457
		-	-	-	90,292,457	90,292,457

NATIONAL QUARRIES COMPANY LIMITED

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30 SEPTEMBER 2014

4. Financial Risk Management (Cont'd):

(a) Interest rate risk (cont'd) –

	2013					
	Effective Rate ($)	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets						
Cash in hand and at bank	0.20%	37,250	-	-	13,384,736	13,421,986
Investment	1.08%	5,341,158	-	-	-	5,341,158
Accounts receivable and prepayments	0.0%	-	-	-	6,520,156	6,520,156
		5,378,408	-	-	19,904,892	25,283,300
Financial Liabilities						
Bank overdraft	7.50%	7,453,087	-	-	-	7,453,087
Accounts payable and accruals	0.0%	-	-	-	74,846,942	74,846,942
		7,453,087	-	-	74,846,942	82,300,029

(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

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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

	2014			
	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Total ($)
Financial Assets				
Cash in hand and at bank	12,819,913	-	-	12,819,913
Investment	5,380,989	-	-	5,380,989
Accounts receivable and prepayments	22,460,712	-	-	22,460,712
	40,661,614	**-**	**-**	**40,661,614**
Financial Liabilities				
Accounts payable and accruals	90,292,457	-	-	90,292,457
	90,292,457	**-**	**-**	**90,292,457**

NATIONAL QUARRIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

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

Liquidity gap (cont'd)

	2013			
	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Total ($)
Financial Assets				
Cash in hand and at bank	13,421,986	-	-	13,421,986
Investment	5,341,158	-	-	5,341,158
Accounts receivable and prepayments	6,520,156	-	-	6,520,156
	25,283,300	-	-	25,283,300
Financial Liabilities				
Bank overdraft	7,453,087	-	-	7,453,087
Accounts payable and accruals	74,846,942	-	-	74,846,942
	82,300,029	-	-	82,300,029

(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.

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:**

	30 September 2014 ($)	30 September 2013 ($)
Petty Cash	12,600	12,600
Cash at Bank - salary	257,576	-
First Citizens Bank Limited	8,657,688	5,503,745
Scotiabank Trinidad and Tobago Limited	3,892,049	7,905,641
	12,819,913	13,421,986

NATIONAL QUARRIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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7. Investments:

	30 September 2014 ($)	30 September 2013 ($)
Available-for-sale		
Scotiabank Trinidad and Tobago Limited	872,032	868,990
First Citizens Merchant Bank Limited	1,747,366	1,735,527
The Royal Merchant Bank and Finance Company Limited	27,177	27,164
Trinidad and Tobago Unit Trust Corporation	2,734,414	2,709,477
	5,380,989	5,341,158

8. Accounts Receivable and Prepayments:

	30 September 2014 ($)	30 September 2013 ($)
(a) Trade receivables	11,199,117	5,790,480
Staff loans and advances	36,583	16,747
Other receivables	20,831,889	10,152,239
Prepayments	80,905	248,472
	32,148,494	16,207,938
Provision for doubtful debts	(9,687,782)	(9,687,782)
	22,460,712	6,520,156
(b) Provision for doubtful debts		
Balance, beginning of year	9,687,782	9,687,782
Charge for the year	-	-
Balance, end of year	9,687,782	9,687,782

NATIONAL QUARRIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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9. Inventories:

	30 September 2014 ($)	30 September 2013 ($)
Processed aggregate and raw material	15,672,917	21,148,228
Stores and spare parts	11,780,349	11,289,182
Inventory - Scotts Quarry	878,960	10,059,314
Inventory - Welding supplies	86,038	72,273
Inventory - Other	303,976	197,627
	28,722,240	42,766,624

10. Developmental Cost:

	30 September 2014 ($)	30 September 2013 ($)
Balance, beginning of year	12,472,026	20,623,389
Reclassification	-	(4,761,838)
Amortisation charge for the year	(3,389,526)	(3,389,525)
Balance, end of year	9,082,500	12,472,026

NATIONAL QUARRIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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11. Fixed Assets:

Cost	Property, Plant and Equipment ($)	Mining Equipment ($)	Buildings ($)	Office Equipment ($)	Furniture and Fittings ($)	Motor Vehicles ($)	Road Work ($)	Computer Equipment ($)	Appliances ($)	Construction in Progress ($)	Total ($)
Balance as at 30 September 2013	82,090,452	7,167,582	10,377,814	1,147,530	1,847,086	830,856	2,182,764	4,548,421	240,759	4,830,225	115,263,489
Additions	-	671,899	137,440	13,209	198,812	-	-	1,496,285	30,378	-	2,548,023
Disposals	-	-	-	-	-	(435,532)	-	-	-	-	(435,532)
Balance as at 30 September 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
Accumulated depreciation											
Balance as at 30 September 2013	46,659,778	3,324,534	1,723,148	750,070	1,259,948	386,066	340,718	2,969,701	149,458	-	57,563,421
Charge for the year	4,428,809	1,441,487	174,921	49,861	87,435	111,198	36,841	655,623	12,305	-	6,998,480
Disposals	-	-	-	-	-	(295,374)	-	-	-	-	(295,374)
Balance as at 30 September 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
Net Book Value											
Balance as at 30 September 2014	31,001,865	3,073,460	8,617,185	360,808	698,515	193,434	1,805,205	2,419,382	109,374	4,830,225	53,109,453
Balance as at 30 September 2013	35,430,674	3,843,048	8,654,666	397,460	587,138	444,790	1,842,046	1,578,720	91,301	4,830,225	57,700,068

NATIONAL QUARRIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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11. Fixed Assets (Cont'd):

	Property, Plant and Equipment ($)	Mining Equipment ($)	Buildings ($)	Office Equipment ($)	Furniture and Fittings ($)	Motor Vehicles ($)	Road Work ($)	Computer Equipment ($)	Appliances ($)	Construction in Progress ($)	Total ($)
Cost											
Balance as at 1 October 2012	82,090,452	3,948,851	10,377,814	1,075,969	1,723,594	683,117	2,182,764	3,210,225	236,716	4,830,225	110,359,727
Additions	-	3,218,731	-	71,561	123,492	147,739	-	1,338,196	4,043	-	4,903,762
Balance as at 30 September 2013	82,090,452	7,167,582	10,377,814	1,147,530	1,847,086	830,856	2,182,764	4,548,421	240,759	4,830,225	115,263,489
Accumulated Depreciation											
Balance as at 1 October 2012	41,598,482	2,620,518	1,546,522	697,077	1,184,685	250,114	303,125	2,517,018	136,607	-	50,854,148
Charge for the year	5,061,296	704,016	176,626	52,993	75,263	135,952	37,593	452,683	12,851	-	6,709,273
Balance as at 30 September 2013	46,659,778	3,324,534	1,723,148	750,070	1,259,948	386,066	340,718	2,969,701	149,458	-	57,563,421
Net Book Value											
Balance as at 30 September 2013	35,430,674	3,843,048	8,654,666	397,460	587,138	444,790	1,842,046	1,578,720	91,301	4,830,225	57,700,068
Balance as at 30 September 2012	40,491,970	1,328,333	8,831,292	378,892	538,909	433,003	1,879,639	693,207	100,109	4,830,225	59,505,579

12. Bank Overdraft:

	30 September 2014 ($)	30 September 2013 ($)
First Citizens Bank Limited	-	7,453,087

The bank overdraft facility held at First Citizens Bank Limited has an amount of **$1,000,000** with a prime interest rate of 7.50%. 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:

	30 September 2014 ($)	30 September 2013 ($)
Trade payables	70,316,668	56,675,456
Other payables	19,975,789	18,171,486
	90,292,457	74,846,942

NATIONAL QUARRIES COMPANY LIMITED

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14. Loans:

	30 September 2014 ($)	30 September 2013 ($)
(a) First Citizens Bank Limited – (See (a))	1,345,702	3,968,304
(b) First Citizens Bank Limited – (See (b))	4,119,511	6,116,430
	5,465,213	10,084,734
Less: Current portion	2,839,666	4,678,095
Non-current portion	2,625,547	5,406,639

(a) A demand loan was granted by First Citizens Bank Limited in the amount of **$13,500,000** for the purchase by the company of a new Mobil Wash Processing Plant. There is a six (6) months moratorium on the loan interest which amounted to **$742,500**. The loan accrues an interest rate of prime plus 7 % per annum. The loan is to be repaid over a seven (7) year period with quarterly instalments of **$707,160** towards principal and interest.

(b) 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.

NATIONAL QUARRIES COMPANY LIMITED

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15. Deferred Taxation:

	30 September 2014 ($)	30 September 2013 ($)
Balance at beginning of year	-	-
Effect of Statement of Comprehensive Income	-	-
Balance at end of year	-	-
Deferred taxation is attributable to the following items:		
Excess of net book value over written-down tax value	8,235,529	8,992,225
Tax losses carried forward	(8,235,529)	(8,992,225)
	-	-

The company has not recognised **$57,357,887** of their total taxable losses of **$90,300,003** as at 30 September 2014.

16. Stated Capital:

	30 September 2014 ($)	30 September 2013 ($)
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	26,427,000	26,427,000
	28,907,000	28,907,000

NATIONAL QUARRIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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17. Cost of Sales:

	30 September 2014 ($)	30 September 2013 ($)
Opening inventories	42,766,624	61,230,543
Amortization of development costs	3,389,525	3,389,526
Depreciation	5,907,137	6,541,478
Direct costs	72,482,025	103,793,746
Environmental rehabilitation	1,741,222	1,903,490
Royalties	2,956,877	3,804,192
Motor vehicle expenses	177,068	53,655
Repairs and maintenance	6,700,258	3,617,123
Salaries and wages	14,973,265	13,972,504
	151,094,001	198,306,257
Less: Closing inventories	(28,722,240)	(42,766,624)
	122,371,761	155,539,633

18. Taxation:

	30 September 2014 ($)	30 September 2013 ($)
Current year's tax expense - Business Levy	(258,800)	(308,841)
	(258,800)	(308,841)
Reconciliation of tax expense at statutory rate to actual tax expense		
Net loss before taxation	(14,195,905)	(16,749,792)
Tax rate at 25%	3,548,976	4,187,448
Tax effect of expenses that are not deductible for tax purposes	(299,418)	(167,097)
Tax on exempt income	6,234	8,035
Business Levy	(258,800)	(308,841)
Utilisation of unused taxable losses	(3,255,792)	(4,028,386)
	(258,800)	(308,841)

NATIONAL QUARRIES COMPANY LIMITED

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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:

	30 September 2014 ($)	30 September 2013 ($)
Assets		
Other receivables		
Directors, key management personnel	-	-
Other expenses		
Directors fees	285,925	346,543
Directors expenses	30,629	64,341
	316,554	410,884
Key management compensation		
Short-term benefits	1,713,365	1,399,098

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.