



Chartered Accountants  
& Business Advisors

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**



Chartered Accountants  
& Business Advisors

## NATIONAL SCHOOLS DIETARY SERVICES LIMITED

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## **NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

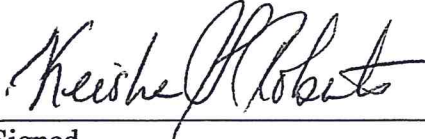
Management is responsible for the following:


- preparing and fairly presenting the accompanying financial statements of National Schools Dietary Services Limited, which comprise the statement of financial position as at 30 September 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the 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.

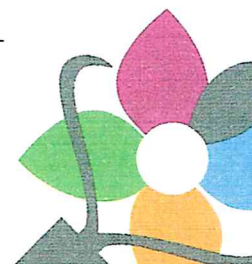
In preparing these audited financial statements, management utilized the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards 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.

  
\_\_\_\_\_  
Signed  
27 February, 2018

  
\_\_\_\_\_  
Signed  
27 February, 2018





Chartered Accountants  
& Business Advisors

## INDEPENDENT AUDITORS' REPORT

**The Shareholder**  
**The National Schools Dietary Services Limited**

### **Opinion**

We have audited the financial statements of The National Schools Dietary Services Limited, which comprise the statement of financial position as at 30 September 2017, the statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The National Schools Dietary Services Limited as at 30 September 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The National Schools Dietary Services Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

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

The Board of Directors is responsible for overseeing the company's financial reporting process.

PKF Chartered Accountants and Business Advisors (Trinidad) is a member of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

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Chartered Accountants  
& Business Advisors

## INDEPENDENT AUDITORS' REPORT (Cont'd)

### Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

27 February 2018  
Barataria  
TRINIDAD

## NATIONAL SCHOOLS DIETARY SERVICES LIMITED

## STATEMENT OF FINANCIAL POSITION

ASSETS

		30 September	
	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		(\$)	(\$)
<b>Current Assets:</b>			
Cash resources	5	200,701	2,556,347
Available-for-sale investment	6	-	531,978
Accounts receivable and prepayments	7	1,757,167	2,002,552
Government subventions receivable	8	<u>56,791,240</u>	<u>22,479,715</u>
Total Current Assets		58,749,108	27,570,592
<b>Non-Current Assets:</b>			
Fixed assets	9	<u>673,911</u>	<u>1,295,036</u>
<b>Total Assets</b>		<b><u>59,423,019</u></b>	<b><u>28,865,628</u></b>

LIABILITIES AND EQUITY

<b>Current Liabilities:</b>			
Accounts payable and accruals	10	58,983,978	28,416,332
Taxation payable		<u>-</u>	<u>10,255</u>
Total Liabilities		<u>58,983,978</u>	<u>28,426,587</u>
<b>Equity:</b>			
Stated capital	11	2	2
Capital grants	12	<u>439,039</u>	<u>439,039</u>
Total Equity		<u>439,041</u>	<u>439,041</u>
<b>Total Liabilities and Equity</b>		<b><u>59,423,019</u></b>	<b><u>28,865,628</u></b>

These financial statements were approved by the Board of Directors and authorised for issue on 27 February 2018 and signed on their behalf by:

  
 Director

  
 Director

(The accompanying notes form part of these financial statements)

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

	<u>Notes</u>	For the year ended 30 September	
		<u>2017</u> (\$)	<u>2016</u> (\$)
<b>Income:</b>			
Revenue Grants from the Government of Trinidad and Tobago		234,311,525	246,212,951
Direct expenses	16	<u>(221,088,886)</u>	<u>(232,670,377)</u>
Gross profit		13,222,639	13,542,574
Other income	17	98,969	1,333,649
Administrative expenses	18	<u>(13,306,425)</u>	<u>(14,844,981)</u>
Profit from operations		15,183	31,242
Finance costs	19	<u>(24,573)</u>	<u>(19,049)</u>
Net (loss)/profit before taxation		(9,390)	12,193
Taxation	20	<u>9,390</u>	<u>(12,193)</u>
<b>Net Comprehensive Income for the year</b>		<u><u>-</u></u>	<u><u>-</u></u>

(The accompanying notes form part of these financial statements)

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	<u>Stated Capital</u> (\$)	<u>Capital Grants</u> (\$)	<u>Equity</u> (\$)
Balance as at 1 October 2015	2	439,039	439,041
Net comprehensive income for the year	-	-	-
Balance as at 30 September 2016	<u>2</u>	<u>439,039</u>	<u>439,041</u>
Balance as at 1 October 2016	2	439,039	439,041
Net comprehensive income for the year	-	-	-
Balance as at 30 September 2017	<u>2</u>	<u>439,039</u>	<u>439,041</u>

(The accompanying notes form part of these financial statements)



**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**STATEMENT OF CASH FLOWS**

	<b>For the year ended 30 September</b>	
	<b><u>2017</u></b> <b>(\$)</b>	<b><u>2016</u></b> <b>(\$)</b>
<b>OPERATING ACTIVITIES:</b>		
Net (loss)/profit before taxation	(9,390)	12,193
Adjustments for:		
Depreciation	<u>658,454</u>	<u>660,485</u>
Changes in operating assets and liabilities	649,064	672,678
Net change in accounts receivable and prepayments	245,385	1,036,578
Net change in accounts payable and accruals	30,567,646	2,089,015
Net change in Government subventions receivable	(34,311,525)	(10,712,951)
Taxation paid	<u>(865)</u>	<u>(11,031)</u>
Cash used in Operating Activities	<u>(2,850,295)</u>	<u>(6,925,711)</u>
<b>INVESTING ACTIVITIES:</b>		
Fixed asset purchases	<u>(37,329)</u>	<u>(6,949)</u>
Cash provided by/used in Investing Activities	<u>(37,329)</u>	<u>(6,949)</u>
Net change in cash and cash equivalents	(2,887,624)	(6,932,660)
Cash and cash equivalents - at beginning of year	<u>3,088,325</u>	<u>10,020,985</u>
- at end of year	<u><u>200,701</u></u>	<u><u>3,088,325</u></u>
<b>Represented by:</b>		
Cash resources	200,701	2,556,347
Available-for-Sale investment	<u>-</u>	<u>531,978</u>
	<u><u>200,701</u></u>	<u><u>3,088,325</u></u>

**(The accompanying notes form part of these financial statements)**

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2017****1. Incorporation and Principal Business Activity:**

The National Schools Dietary Services Limited is a limited liability company established by the Government of the Republic of Trinidad and Tobago by Cabinet Minute No. 943 dated 16 May 2002 and incorporated on 3 July 2002. It was set up to assume the following responsibilities:

1. The development of a strategic direction for the School Nutrition Programme and oversee its implementation.
2. The development of policy guidelines for the management and operation of the Programme in respect of the meals to be served, to ensure that the meals cater for the nutritional needs and dietary differences of students.
3. The establishment of criteria for the selection of caterers for the Programme.
4. The development of quality control mechanism aimed at ensuring that the highest standards are maintained and monitoring their enforcement.
5. Planning of new initiatives.

**2. 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. The financial statements have been prepared on the historical cost convention.

**(b) Use of estimates -**

The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement 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 revenues and expenses 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.

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**

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

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

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 Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).
IFRS 2	Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).
IFRS 4	Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).
IFRS 12	Disclosure of Interest in Other Entities - Amendments regarding the specification of the disclosure requirements for an entity's interest classified as held-for-sale, held for distribution or as a discontinued operation (effective for accounting periods beginning on or after 1 January 2017).
IFRS 15	Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
IFRS 16	Leases (effective for accounting periods beginning on or after 1 January 2019).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021).

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**

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

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

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 28	Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).
IAS 40	Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018).
IFRIC 22	Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).
IFRIC 23	Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

**(d) Comparative information -**

Where necessary, comparative amounts have been adjusted to conform with changes in presentation in the current year.

**(e) Depreciation -**

Depreciation is provided on a straight-line basis at annual rates designed to write-off the cost of the assets over their estimated useful economic lives as follows:-

Furniture and fixtures	-	12.5%
Office equipment	-	20%
Computer software and equipment	-	20%
Motor vehicles	-	25%
Leasehold improvements	-	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. 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 in the Statement of Comprehensive Income.

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2017****2. Summary of Significant Accounting Policies (Cont'd):****(f) Investments -**

The company's has classified all investments as available-for-sale financial assets. 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.

**(g) Income recognition -**

Income from investments is accounted for on the accruals basis.

**(h) Government grant -**

Grants from the Government of the Republic of Trinidad and Tobago are recognised at their fair values, where there is a reasonable assurance that the grant will be received, and the company will comply with all conditions attached.

Grants relating to operating expenses are deferred and included in non-current liabilities. They are recognised in the Statement of Comprehensive Income over the period necessary to match them with net expenses they are intended to compensate.

**(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.

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.

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.

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2017****2. Summary of Significant Accounting Policies (Cont'd):****(i) Financial instruments (cont'd) -****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.

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.

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2017****2. Summary of Significant Accounting Policies (Cont'd):****(i) Financial instruments (cont'd) -****Impairment of financial assets (cont'd)**

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.

**Cash and cash equivalents**

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

**Accounts receivable**

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

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2017****2. 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.

**Accounts payable**

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

**(j) 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.

**(k) Going concern -**

These financial statements have been prepared on the going concern basis despite the excess of current liabilities over current assets, as it is the company's intention to ensure that this situation is reversed by using internally generated cash flows.



**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**

**3. 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:

	<b>2017</b>	
	<b><u>Carrying</u></b>	<b><u>Fair</u></b>
	<b><u>Value</u></b>	<b><u>Value</u></b>
	(\$)	(\$)
<b>Financial Assets</b>		
Cash resources	200,701	200,701
Accounts receivable and prepayments	1,757,167	1,757,167
Government subventions receivable	56,791,240	56,791,240
<b>Financial Liabilities</b>		
Accounts payable and accruals	58,983,978	58,983,978
	<b>2016</b>	
	<b><u>Carrying</u></b>	<b><u>Fair</u></b>
	<b><u>Value</u></b>	<b><u>Value</u></b>
	(\$)	(\$)
<b>Financial Assets</b>		
Cash resources	2,556,347	2,556,347
Available-for-sale investment	531,978	531,978
Accounts receivable and prepayments	2,002,552	2,002,552
Government subventions receivable	22,479,715	22,479,715
<b>Financial Liabilities</b>		
Accounts payable and accruals	28,416,332	28,416,332

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**

**3. 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 investments in mutual funds and loans.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

	<u>Effective</u> <u>Rate</u> (\$)	<u>Up to</u> <u>1 year</u> (\$)	<u>1 to</u> <u>5 years</u> (\$)	<b>2017</b> <u>Over</u> <u>5 years</u> (\$)	<u>Non-Interest</u> <u>Bearing</u> (\$)	<u>Total</u> (\$)
<b>Financial Assets</b>						
Cash resources	0.0%	-	-	-	200,701	200,701
Accounts receivable and prepayments	0.0%	-	-	-	1,757,167	1,757,167
Government subventions receivable	0.0%	-	-	-	56,791,240	56,791,240
		<u>-</u>	<u>-</u>	<u>-</u>	<u>58,749,108</u>	<u>58,749,108</u>
<b>Financial Liabilities</b>						
Accounts payable and accruals	0.0%	-	-	-	58,983,978	58,983,978

	<u>Effective</u> <u>Rate</u> (\$)	<u>Up to</u> <u>1 year</u> (\$)	<u>1 to</u> <u>5 years</u> (\$)	<b>2016</b> <u>Over</u> <u>5 years</u> (\$)	<u>Non-Interest</u> <u>Bearing</u> (\$)	<u>Total</u> (\$)
<b>Financial Assets</b>						
Cash resources	0.0%	-	-	-	2,556,347	2,556,347
Available-for-sale investment	1.15%	531,978	-	-	-	531,978
Accounts receivable and prepayments	0.0%	-	-	-	2,002,552	2,002,552
Government subventions receivable	0.0%	-	-	-	22,479,715	22,479,715
		<u>531,978</u>	<u>-</u>	<u>-</u>	<u>27,038,614</u>	<u>27,570,592</u>
<b>Financial Liabilities</b>						
Accounts payable and accruals	0.0%	-	-	-	28,416,332	28,416,332

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2017****3. Financial Risk Management (Cont'd):****(b) Credit risk -**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The company relies heavily on its written Policies and Procedures Manuals, which sets out in detail the current policies governing the granting of credit function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the company's credit philosophy; provide policy guidelines to team members; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

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. The company is able to make daily calls on its available cash resources to settle financial and other liabilities.

**i. 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 as well as generating sufficient cash from government grants and loan repayments.

To manage and reduce liquidity risk the company's management actively seeks to match cash inflows with liability requirements.

## NATIONAL SCHOOLS DIETARY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

3. **Financial Risk Management (Cont'd):**(c) **Liquidity risk (cont'd) -**ii. Liquidity gap

	2017			<b>Total</b> (\$)
	<b>Up to</b> <b>1 year</b> (\$)	<b>1 to</b> <b>5 years</b> (\$)	<b>Over</b> <b>5 years</b> (\$)	
<b>Financial Assets</b>				
Cash resources	200,701	-	-	200,701
Accounts receivable and prepayments	1,757,167	-	-	1,757,167
Government subventions receivable	<u>56,791,240</u>	<u>-</u>	<u>-</u>	<u>56,791,240</u>
	<u><b>58,749,108</b></u>	<u>-</u>	<u>-</u>	<u><b>58,749,108</b></u>
<b>Financial Liabilities</b>				
Accounts payable and accruals	<u><b>58,983,978</b></u>	<u>-</u>	<u>-</u>	<u><b>58,983,978</b></u>

	2016			<b>Total</b> (\$)
	<b>Up to</b> <b>1 year</b> (\$)	<b>1 to</b> <b>5 years</b> (\$)	<b>Over</b> <b>5 years</b> (\$)	
<b>Financial Assets</b>				
Cash resources	2,556,347	-	-	2,556,347
Available-for-sale investment	531,978	-	-	531,978
Accounts receivable and prepayments	2,002,552	-	-	2,002,552
Government subventions receivable	<u>22,479,715</u>	<u>-</u>	<u>-</u>	<u>22,479,715</u>
	<u><b>27,570,592</b></u>	<u>-</u>	<u>-</u>	<u><b>27,570,592</b></u>
<b>Financial Liabilities</b>				
Accounts payable and accruals	<u><b>28,416,332</b></u>	<u>-</u>	<u>-</u>	<u><b>28,416,332</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 minimal foreign exchange risk. The company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

## NATIONAL SCHOOLS DIETARY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

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

**(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 monitoring controls applied by the company.

**(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 applies procedures to minimize this risk.

**4. Critical Accounting Estimates and Judgements:**

The preparation of financial statements in accordance with the International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the company's accounting policies. See **Note 2**.

Estimates and judgements 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:

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.

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2017****4. Critical Accounting Estimates and Judgements (Cont'd):**

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) Which depreciation method for fixed assets 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) Fixed assets

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

## NATIONAL SCHOOLS DIETARY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

5. Cash Resources:

	30 September	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Cash in hand	5,000	5,000
Republic Bank Limited	<u>195,701</u>	<u>2,551,347</u>
	<u><b>200,701</b></u>	<u><b>2,556,347</b></u>

6. Available-for-Sale Investment:

This investment represents a Money Market Fund account held at Republic Bank Limited.

7. Accounts Receivable and Prepayments:

	30 September	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Trade receivables	1,683,685	1,874,102
Prepayments	<u>73,482</u>	<u>128,450</u>
	<u><b>1,757,167</b></u>	<u><b>2,002,552</b></u>

8. Government Subventions Receivable:

	30 September	
	<u>2017</u> (\$)	<u>2016</u> (\$)
Balance at beginning of the year	22,479,715	11,766,764
Subventions received	(200,000,000)	(235,500,000)
Subventions utilised	<u>234,311,525</u>	<u>246,212,951</u>
	<u><b>56,791,240</b></u>	<u><b>22,479,715</b></u>

Deferred income relates to the portion of government subventions received from the Ministry of Education, for which the related expenditure has not yet been incurred. The portion of subventions utilised during the year is recognised in the Statement of Comprehensive Income.

In 2016, the company expended more than the subventions received. The additional expenditure has been treated as subventions receivable from the Government of the Republic Trinidad and Tobago.

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**

**9. Fixed Assets:**

<u>Cost</u>	<u>Leasehold Improvement</u> (\$)	<u>Furniture and Fixtures</u> (\$)	<u>Office Equipment</u> (\$)	<u>Computer Software and Equipment</u> (\$)	<u>Motor Vehicles</u> (\$)	<u>Storage Equipment</u> (\$)	<u>Total</u> (\$)
Balance as at 30 September 2016	2,170,255	1,023,256	499,121	586,785	1,295,000	44,691	5,619,108
Additions	13,213	18,665	-	5,451	-	-	37,329
Disposals	-	-	-	-	(405,000)	-	(405,000)
Balance as at 30 September 2017	<u>2,183,468</u>	<u>1,041,921</u>	<u>499,121</u>	<u>592,236</u>	<u>890,000</u>	<u>44,691</u>	<u>5,251,437</u>
<b>Accumulated Depreciation</b>							
Balance as at 30 September 2016	1,302,153	839,901	441,572	497,005	1,198,750	44,691	4,324,072
Charge for the year	436,695	51,449	28,875	45,185	96,250	-	658,454
Disposals	-	-	-	-	(405,000)	-	(405,000)
Balance as at 30 September 2017	<u>1,738,848</u>	<u>891,350</u>	<u>470,447</u>	<u>542,190</u>	<u>890,000</u>	<u>44,691</u>	<u>4,577,526</u>
<b>Net Book Value</b>							
Balance as at 30 September 2017	<u>444,620</u>	<u>150,571</u>	<u>28,674</u>	<u>50,046</u>	<u>-</u>	<u>-</u>	<u>673,911</u>
Balance as at 30 September 2016	<u>868,102</u>	<u>183,355</u>	<u>57,549</u>	<u>89,780</u>	<u>96,250</u>	<u>-</u>	<u>1,295,036</u>



## NATIONAL SCHOOLS DIETARY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

9. Fixed Assets Cont'd:

<u>Cost</u>	<u>Leasehold Improvement</u> (\$)	<u>Furniture and Fixtures</u> (\$)	<u>Office Equipment</u> (\$)	<u>Computer Software and Equipment</u> (\$)	<u>Motor Vehicles</u> (\$)	<u>Storage Equipment</u> (\$)	<u>Total</u> (\$)
Balance as at 30 September 2015	2,170,255	1,019,557	499,121	583,535	1,295,000	44,691	5,612,159
Additions	-	3,699	-	3,250	-	-	6,949
Balance as at 30 September 2016	<u>2,170,255</u>	<u>1,023,256</u>	<u>499,121</u>	<u>586,785</u>	<u>1,295,000</u>	<u>44,691</u>	<u>5,619,108</u>
<b>Accumulated Depreciation</b>							
Balance as at 30 September 2015	868,102	790,835	412,360	454,037	1,102,500	35,753	3,663,587
Charge for the year	<u>434,051</u>	<u>49,066</u>	<u>29,212</u>	<u>42,968</u>	<u>96,250</u>	<u>8,938</u>	<u>660,485</u>
Balance as at 30 September 2016	<u>1,302,153</u>	<u>839,901</u>	<u>441,572</u>	<u>497,005</u>	<u>1,198,750</u>	<u>44,691</u>	<u>4,324,072</u>
<b>Net Book Value</b>							
Balance as at 30 September 2016	<u>868,102</u>	<u>183,355</u>	<u>57,549</u>	<u>89,780</u>	<u>96,250</u>	<u>-</u>	<u>1,295,036</u>
Balance as at 30 September 2015	<u>1,302,153</u>	<u>228,722</u>	<u>86,761</u>	<u>129,498</u>	<u>192,500</u>	<u>8,938</u>	<u>1,948,572</u>

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**

**10. Accounts Payables and Accruals:**

	<b>30 September</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
	(\$)	(\$)
Audit fees	130,568	83,025
Accounting fees	30,000	30,000
Trade payable	58,173,842	27,537,889
Accruals	631,963	732,604
PAYE payable	3,725	6,031
VAT payable	1,307	19,274
International Development Research Council of Canada (IDRC) Project	7,509	7,509
Retirees medical	<u>5,064</u>	<u>-</u>
	<b><u>58,983,978</u></b>	<b><u>28,416,332</u></b>

**11. Stated Capital:**

	<b>30 September</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
	(\$)	(\$)
Authorised:		
An unlimited number of ordinary shares of no par value		
Issued and fully paid:		
2 ordinary shares of no par value	<u>2</u>	<u>2</u>

**12. Capital Grants:**

Capital grants comprise the capitalised value of fixed assets transferred by the Government of the Republic of Trinidad and Tobago to the company.

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**

**13. 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:

	<b>30 September</b>	
	<u><b>2017</b></u>	<u><b>2016</b></u>
	(\$)	(\$)
<b>Key management compensation</b>		
Short-term benefits	<u><u>2,497,846</u></u>	<u><u>2,467,500</u></u>

**14. 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. See **Note 2 (b)**. 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:

**(a) Current assets and liabilities -**

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

**(b) Investments -**

The fair values of investments are determined on the basis of quoted market prices available at 30 September 2017.

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**

**15. Capital Risk Management:**

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

The capital structure of the company consists of equity attributable to its shareholders, and comprises capital grants.

**16. Direct Expenses:**

	<b>30 September</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
	(\$)	(\$)
Catering services	207,861,993	220,290,873
Disposable supplies	13,045,452	12,301,360
Samples testing	166,840	78,578
Uniforms	<u>14,601</u>	<u>(434)</u>
	<b><u><u>221,088,886</u></u></b>	<b><u><u>232,670,377</u></u></b>

**17. Other Income:**

	<b>30 September</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
	(\$)	(\$)
Investment income – Money Market Fund	4,566	4,631
Income from miscellaneous functions	<u>94,403</u>	<u>1,329,018</u>
	<b><u><u>98,969</u></u></b>	<b><u><u>1,333,649</u></u></b>

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**

**18. Administrative Expenses:**

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Accounting fees	15,000	15,000
Audit fees	171,838	75,000
Consulting	147,194	183,564
Depreciation	658,454	660,485
Directors fees	297,273	554,926
Ex-Gratia payments	-	-
Gratuity	47,969	46,649
Insurance	39,780	31,974
Medical – Employer’s contribution	258,278	265,544
National Insurance – Employer’s contribution	703,109	634,747
Office supplies and stationery	196,132	130,542
Pension – Employer’s contribution	571,610	568,318
Rentals	743,637	766,729
Repairs and Maintenance – Equipment	25,691	18,193
Repairs and Maintenance – Building	75,895	93,217
Repairs and Maintenance – Vehicles	51,045	31,423
Salaries	8,632,366	8,860,826
Security	217,775	219,600
Staff welfare	-	8,777
Special events	56,321	104,055
Special projects	10,682	1,170,611
Subscriptions	9,092	11,957
Training	50,330	15,217
Travel	-	-
Utilities	326,954	377,627
	<u>13,306,425</u>	<u>14,844,981</u>

**19. Finance Costs:**

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Bank charges and interest	<u>24,573</u>	<u>19,049</u>

**NATIONAL SCHOOLS DIETARY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**

**20. Taxation:**

	<b>30 September</b>	
	<b><u>2017</u></b> (\$)	<b><u>2016</u></b> (\$)
Corporation Tax/Business Levy	(288)	(8,129)
Green Fund Levy	<u>9,678</u>	<u>(4,064)</u>
	<b><u>9,390</u></b>	<b><u>(12,193)</u></b>

**21. Contingent Liabilities:**

During October 2014, the Board of Directors committed to establishing a pension plan for the company's employees. The company intended to make retroactive payments into the plan on behalf of the employees for the period 2006 to 2014. The amount of the retroactive payment for this period is estimated to be **\$5,859,390**. No provision for this amount was made in the financial statements in accordance with IAS 37, as the Board is in the process of reviewing the decision on whether the amount will be paid retroactively into the plan on behalf of the employees.