



**NATIONAL QUARRIES COMPANY LIMITED
FINANCIAL STATEMENTS
30 SEPTEMBER 2020**

**National Quarries Company Limited
Financial Statements
30 September 2020**

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National Quarries Company Limited

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of National Quarries Company Limited, which comprise the statement of financial position as at 30 September 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the entity keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the entity assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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



Gerard Mathura
Chief Financial Officer
July 19, 2022



Earl Wilson
Chief Executive Officer
July 19, 2022



Independent Auditor's Report

To the Directors,

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

We were engaged to audit the accompanying financial statements of **National Quarries Company Limited (the Company)**, which comprise the statement of financial position as at 30 September 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

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

Basis for Disclaimer of Opinion

The Company did not provide supporting documentation to substantiate the completeness, existence, accuracy and valuation of fixed assets, inventory, accounts receivable and prepayments, accounts payable and accruals, development costs, environmental rehabilitation and royalties payable as at 30 September 2020. The Company also did not provide the required evidence to substantiate the completeness existence and accuracy of sales and expenditure for the year ended 30 September 2020.

We were unable to verify by alternative means the completeness, existence, accuracy and valuation of fixed assets, inventory, accounts receivable and prepayments, accounts payable and accruals, development costs, environmental rehabilitation and royalties payable as at 30 September 2020. We were also unable to confirm or verify by alternative means, the completeness, existence and accuracy of sales and expenditure for the year ended 30 September 2020.

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



Disclaimer of Opinion

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



San Juan
19 July 2022

Moore
Chartered Accountants

National Quarries Company Limited
Statement of Financial Position
As at 30 September 2020

	<u>Note</u>	2020 <u>TT\$</u>	Restated 2019 <u>TT\$</u>
ASSETS			
Non-Current Assets			
Fixed Assets	11	28,416,853	31,989,430
Assets Held for Sale		1,695,000	1,695,000
Development Cost	10	<u>5,683,831</u>	<u>7,134,036</u>
Total Non-Current Assets		<u>35,795,684</u>	<u>40,818,466</u>
Current Assets			
Investments	7	261,148	232,311
Inventory	9	5,057,541	6,340,669
Accounts Receivable and Prepayments	8	10,542,687	-
Cash in Hand and at Bank	6	<u>402,188</u>	<u>3,131,747</u>
Total Current Assets		<u>16,263,564</u>	<u>9,704,727</u>
Total Assets		<u>52,059,248</u>	<u>50,523,193</u>
Liabilities			
Non-Current Liabilities			
Royalties Payable		49,221,690	46,593,454
Environmental Rehabilitation		<u>24,417,601</u>	<u>24,417,601</u>
Total Non-Current Liabilities		<u>73,639,291</u>	<u>71,011,055</u>
Current Liabilities			
Accounts Payable and Accruals	13	124,224,830	117,545,250
Bank Overdraft	12	<u>531,499</u>	<u>428,615</u>
Total Current Liabilities		<u>124,756,329</u>	<u>117,973,865</u>
Total Liabilities		<u>198,395,620</u>	<u>188,984,920</u>
Shareholder's Equity			
Stated Capital	14	28,907,000	28,907,000
Accumulated Deficit		<u>(175,243,372)</u>	<u>(167,368,727)</u>
Total Shareholder's Equity		<u>(146,336,372)</u>	<u>(138,461,727)</u>
Total Liabilities and Institutional Capital		<u>52,059,248</u>	<u>50,523,193</u>

The accompanying notes on pages 9 to 34 form an integral part of these financial statements.

Director:  Director:  Date: 28th September 2022

**National Quarries Company Limited
Statement of Comprehensive Income
For the Year Ended 30 September 2020**

	<u>Note</u>	2020 <u>TT\$</u>	Restated 2019 <u>TT\$</u>
Sales		59,179,918	70,760,469
Cost of Sales	15	<u>(47,455,587)</u>	<u>(54,025,059)</u>
		11,724,331	16,735,410
Interest and Other Income		<u>2,671,033</u>	<u>23,642</u>
		<u>14,395,364</u>	<u>16,759,052</u>
General and Administrative Expenses			
Advertising and Promotions		98,046	244,286
Audit Fees		185,000	192,500
Bank charges and Interest		357,797	449,707
Consultancy Fees		340,940	621,594
Depreciation		600,000	318,154
Directors' Fees		497,348	467,869
Donations and Subscriptions		146,405	127,499
Electricity and Telephone		2,014,827	1,913,610
Green Fund Levy		179,490	203,425
Insurance		204,955	183,813
Legal and Professional Fees		84,358	395,805
Litigation Charge		549,125	-
Miscellaneous Expenses		5,492,164	1,539,768
Motor Vehicle Expenses		52,270	48,247
Penalties and Interest		89,518	43,323
Printing and Stationery		103,985	89,531
Rental		1,011,942	844,413
Repairs and Maintenance		232,912	309,126
Salaries and Staff Benefits		7,202,016	8,321,512
Security		2,467,930	546,746
Travelling		-	270,519
Total Expenditure		<u>21,911,028</u>	<u>17,131,447</u>
Net (Loss) before Taxation		(7,515,664)	(372,395)
Taxation		<u>(358,981)</u>	<u>(406,851)</u>
Net (Loss) for the Year		<u>(7,874,645)</u>	<u>(779,246)</u>

The accompanying notes on pages 9 to 34 form an integral part of these financial statements.

National Quarries Company Limited
Statement of Changes in Equity
For the Year Ended 30 September 2020

	Stated Capital <u>TT\$</u>	Accumulated Deficit <u>TT\$</u>	Shareholder's Equity <u>TT\$</u>
Balance as at 1 October 2018	28,907,000	(166,589,481)	(137,682,481)
Net loss for the year	<u>-</u>	<u>(779,246)</u>	<u>(779,246)</u>
Balance as at 30 September 2019	<u>28,907,000</u>	<u>(167,368,727)</u>	<u>(138,461,727)</u>
Balance as at 01 October 2019	28,907,000	(167,368,727)	(138,461,727)
Net loss for the year	<u>-</u>	<u>(7,874,645)</u>	<u>(7,874,645)</u>
Balance as at 30 September 2020	<u>28,907,000</u>	<u>(175,243,372)</u>	<u>(146,336,372)</u>

The accompanying notes on pages 9 to 34 form an integral part of these financial statements.

National Quarries Company Limited
Statement of Cash Flows
For the Year Ended 30 September 2020

	2020	Restated
	<u>TT\$</u>	<u>2019</u>
		<u>TT\$</u>
Operating Activities		
Net (Loss) before Taxation	(7,515,664)	(372,395)
Adjustments:		
Depreciation and Amortisation	<u>5,773,757</u>	<u>5,305,075</u>
	(1,741,907)	4,932,680
Net Changes in:		
Accounts Receivable and Prepayments	(10,542,688)	1,133,473
Inventories	1,283,128	1,289,781
Accounts Payable and Accruals	6,756,332	(2,829,179)
Royalties Payable	2,628,236	1,726,161
Taxes Paid	<u>(435,732)</u>	<u>(442,185)</u>
Net cash generated (used in) / operating activities	<u>(2,052,631)</u>	<u>5,810,731</u>
Investing Activities:		
Purchase of Fixed Asset	(750,975)	(1,820,145)
Net Movement in Development Costs	<u>-</u>	<u>(287,523)</u>
Net cash used in investing activities	<u>(750,975)</u>	<u>(2,107,668)</u>
Net Change in Cash and Cash Equivalents	(2,803,606)	3,703,063
Cash at Beginning of Year	<u>2,935,443</u>	<u>(767,620)</u>
Cash at End of Year	<u>131,837</u>	<u>2,935,443</u>
Represented by:		
Cash in Hand and at Bank	402,188	3,131,747
Investments	261,148	232,311
Bank Overdraft	<u>(531,499)</u>	<u>(428,615)</u>
	<u>131,837</u>	<u>2,935,443</u>

The accompanying notes on pages 9 to 34 form an integral part of these financial statements.

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

1. General Information

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

2. Basis of Preparation

a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and effective for the year ended 30 September 2020.

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

b) Going Concern

These financial statements have been prepared on a going concern basis. This basis has been deemed appropriate in view of the Company's ability to continue its operation using internally generated cash flow and support from its shareholder.

c) Basis of Measurement

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

d) Foreign Currency Translation

• **Reporting Currency**

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

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

2. Basic of Preparation (Continued)

d) Foreign Currency Translation (continued)

• **Transactions and Balances**

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

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

e) Use of Estimates and Judgements

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

3. Significant Accounting Policies

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

3.1 Accounting Standards and Interpretations

a) New standards, amendments and interpretations adopted

The following standards were applicable for the Company's accounting period commencing October 1, 2019 which were adopted in the current year.

- IFRS 9 Financial Instruments and associated amendments to various other standards
- IFRS 15 Revenue from contracts with customers and associated amendments to various other standard
- Interpretation 22 Foreign Currency Transactions and Advance Consideration, and
- Annual Improvements to IFRS Standards 2014-2016 Cycle

National Quarries Company Limited
Notes to the Financial Statements
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3.1. Accounting Standards and Interpretations (Continued)

b) New standards, amendments and interpretations not yet adopted (continued)

A number of new accounting standards and interpretations are effective for annual periods beginning on or after 01 January 2020. These standards are not yet effective for the Company's accounting period beginning 01 October 2019 and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is outlined below:

Title of Standard	IFRS 16 Leases
Key Requirements	<p>IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the Statement of Financial Position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities.</p> <p>Only the part of the payments that reflects interest can continue to be presented as operating cash flows.</p> <p>The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration.</p>
Impact	The standard will affect primarily the accounting of the Company's operating leases. The impact of IFRS 16 has not yet been determined.
Effective Date	Effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted only if IFRS 15 is adopted at the same time.

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

3.1. Accounting Standards and Interpretations (Continued)

b) New standards, amendments and interpretations not yet adopted (continued)

Title of Standard	Annual Improvements to IFRS Standards 2015-2017 Cycle
Key Requirements	The following improvements were finalised in December 2017: IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation. IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.
Impact	No impact.
Effective Date	Effective for annual periods beginning on or after January 1, 2020.

National Quarries Company Limited
Notes to the Financial Statements
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3.1. Accounting Standards and Interpretations (Continued)

b) New standards, amendments and interpretations not yet adopted (continued)

Title of Standard	Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
Key Requirements	<p>The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments, and settlements. They confirm that entities must:</p> <ul style="list-style-type: none">- calculate the current service cost and net interest for the remainder of the reporting year after a plan amendment, curtailment, or settlement by using the updated assumptions from the date of the change.- any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.- separately recognise any changes in the asset ceiling through other comprehensive income.
Impact	No impact.
Effective Date	Effective for annual periods beginning on or after January 1, 2020

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

3.1. Accounting Standards and Interpretations (Continued)

b) New standards, amendments and interpretations not yet adopted (continued)

Title of Standard	Interpretation 23 Uncertainty Over Income Tax Treatments
Key Requirements	<p>The interpretation explains how to recognise, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:</p> <ul style="list-style-type: none"> - how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty. - that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored. - that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment. - that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. <p>While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.</p>
Impact	No impact.
Effective Date	Effective for annual periods beginning on or after January 1, 2020

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

3.1. Accounting Standards and Interpretations (Continued)

b) New standards, amendments and interpretations not yet adopted (continued)

Title of Standard	Prepayment Features with Negative Compensation – Amendments to IFRS 9
Key Requirements	The narrow-scope amendments made to AASB 9 Financial Instruments in December 2017 enable entities to measure certain prepaid financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.
Impact	No impact.
Effective Date	Effective for annual periods beginning on or after January 1, 2020.
Title of Standard	Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
Key Requirements	The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128 Investments in Associates and Joint Ventures.
Impact	No impact.
Effective Date	Effective for annual periods beginning on or after January 1, 2020.
Title of Standard	Definition of a Business – Amendments to IFRS 3
Key Requirements	The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes return in the form of lower costs and other economic benefits.
Impact	The amendments will likely result in more acquisitions being accounted for as asset acquisitions. No impact.
Effective Date	Effective for annual periods beginning on or after January 1, 2020.

National Quarries Company Limited
Notes to the Financial Statements
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3.1. Accounting Standards and Interpretations (Continued)

b) New standards, amendments and interpretations not yet adopted (continued)

Title of Standard	Definition of Material Amendments to IAS 1 and IAS 8.
Key Requirements	<p>The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:</p> <ul style="list-style-type: none"> - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and - the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.
Impact	No impact.
Effective Date	Effective for annual periods beginning on or after January 1, 2020.

National Quarries Company Limited
Notes to the Financial Statements
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3.1. Accounting Standards and Interpretations (Continued)

b) New standards, amendments and interpretations not yet adopted (continued)

Title of Standard	Revised Conceptual Framework for Financial Reporting
Key Requirements	<p>The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:</p> <ul style="list-style-type: none"> - increasing the prominence of stewardship in the objective of financial reporting - reinstating prudence as a component of neutrality - defining a reporting entity, which may be a legal entity, or a portion of an entity - revising the definitions of an asset and a liability - removing the probability threshold for recognition and adding guidance on derecognition - adding guidance on different measurement basis, and - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. <p>No changes will be made to any of the current accounting standards.</p> <p>However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.</p>
Impact	No impact.
Effective Date	Effective for annual periods beginning on or after January 1, 2020.

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

3.1. Accounting Standards and Interpretations (Continued)

b) New standards, amendments and interpretations not yet adopted (continued)

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3.2 Fixed Assets and Depreciation

Fixed assets are stated at historical cost less accumulated depreciation.

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

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

The rates used are as follows;

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

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

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

3. Significant Accounting Policies (Continued)

3.2 Fixed Assets and Depreciation (continued)

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

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

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

3.3 Development Cost

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

3.4 Cash and cash Equivalents

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

3.5 Investments

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

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

3. Significant Accounting Policies (Continued)

3.6 Financial Instruments

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

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

Financial Assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, that is the date on which the company commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of asset under a contract whose terms require delivery 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 or the consideration given plus transaction costs directly attributable to the acquisition of the asset.

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

Impairment of financial assets

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

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

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

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

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

3. Significant Accounting Policies (Continued)

3.6 Financial Instruments (continued)

Impairment of financial assets (continued)

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

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

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

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

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

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

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

3. Significant Accounting Policies (Continued)

3.6 Financial Instruments (continued)

ii) Financial assets measured at cost

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

Financial Liabilities

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

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

Cash and Cash Equivalents

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

Trade Receivables

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

Trade payables

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

Bank loans

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

Shares

Shares are classified as equity and stated at fair value.

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

3. Significant Accounting Policies (Continued)

3.6 Financial Instruments (continued)

Leasing Commitments

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

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

Investment Income

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

3.7 Provisions

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

3.8 Revenue Recognition

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

4. Financial Risk Management

Financial risk factors

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

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

National Quarries Company Limited
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2020

	Effective Rate	Up to 1 Year <u>TT\$</u>	1 to 5 Years <u>TT\$</u>	Over 5 Years <u>TT\$</u>	Non-Interest Bearing <u>TT\$</u>	Total <u>TT\$</u>
Financial Assets						
Cash in Hand and Bank Investment	0.20%	402,188	-	-	-	402,188
Accounts Receivable and Prepayments	0.60-1.13%	261,148	-	-	-	261,148
	0.00%	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,542,687</u>	<u>10,542,687</u>
		<u>663,336</u>	<u>-</u>	<u>-</u>	<u>10,542,687</u>	<u>11,206,023</u>
Financial Liabilities						
Bank Overdraft	9.2%	531,499	-	-	-	531,499
Accounts Payable and Accruals	0.00%	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,224,832</u>	<u>124,224,832</u>
		<u>531,499</u>	<u>-</u>	<u>-</u>	<u>124,224,832</u>	<u>124,756,331</u>

2019

	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 Investment	0.20%	532,421	-	-	2,599,326	3,131,747
	0.60-1.13%	<u>232,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,311</u>
		<u>764,732</u>	<u>-</u>	<u>-</u>	<u>2,599,326</u>	<u>3,364,058</u>
Financial Liabilities						
Bank Overdraft	9.2%	428,615	-	-	-	428,615
Accounts Payable and Accruals	0.00%	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,545,250</u>	<u>117,545,250</u>
		<u>428,615</u>	<u>-</u>	<u>-</u>	<u>117,545,250</u>	<u>117,973,865</u>

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

4. Financial Risk Management (Continued)

b) Credit risk

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

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

c) Liquidity risk

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

Risk management

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

Liquidity Gap	2020			
	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>
Financial Assets				
Cash in Hand and at Bank	402,188	-	-	402,188
Investment	261,148	-	-	261,148
Accounts Receivable and Prepayments	<u>10,542,687</u>	-	-	<u>10,542,687</u>
	<u>11,206,023</u>	-	-	<u>11,206,023</u>
Financial Liabilities				
Bank Overdraft	531,499	-	-	531,499
Accounts Payable and Accruals	<u>124,224,832</u>	-	-	<u>124,224,832</u>
	<u>124,756,331</u>	-	-	<u>124,756,331</u>

National Quarries Company Limited
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4. Financial Risk Management (Continued)

Risk management (continued)

Liquidity Gap	Up to 1 Year	2019	Over 5 Years	Total
		1 to 5 Years		
	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>
Financial Assets				
Cash in Hand and at Bank	3,131,747	-	-	3,131,747
Investment	<u>232,311</u>	<u>-</u>	<u>-</u>	<u>232,311</u>
	<u>3,364,058</u>	<u>-</u>	<u>-</u>	<u>3,364,058</u>
Financial Liabilities				
Bank Overdraft	428,615	-	-	428,615
Accounts Payable and Accruals	<u>117,545,250</u>	<u>-</u>	<u>-</u>	<u>117,545,250</u>
	<u>117,973,865</u>	<u>-</u>	<u>-</u>	<u>117,973,865</u>

Currency Risk

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

Operational Risk

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

Compliance Risk

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

Reputation Risk

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

National Quarries Company Limited
Notes to the Financial Statements
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5. Critical Accounting Estimates and Judgements

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

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

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

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

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

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

i) Impairment of Assets

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

ii) Plant and Equipment

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

National Quarries Company Limited
Notes to the Financial Statements
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	2020	2019
	<u>TTS</u>	<u>TTS</u>
6. Cash in Hand and at Bank		
Petty Cash	11,000	26,024
First Citizens Bank Limited	390,163	3,104,698
Scotiabank Trinidad and Tobago Limited	<u>1,025</u>	<u>1,025</u>
	<u>402,188</u>	<u>3,131,747</u>
7. Available for Sale Investments		
First Citizens Merchant Bank Limited	22,008	21,702
The Royal Merchant Bank and Finance Company Limited	27,259	27,191
Trinidad and Tobago Unit Trust Corporation	<u>211,880</u>	<u>183,417</u>
	<u>261,148</u>	<u>232,311</u>
8. Accounts Receivable and Prepayments		
Trade Receivables	11,117,175	1,704,519
Staff Loans and Advances	-	37,006
Other Receivables	<u>1,501,481</u>	<u>628,779</u>
	12,618,656	2,370,304
Provision for doubtful debts	<u>(2,370,304)</u>	<u>(2,370,304)</u>
	10,248,352	-
Prepayments	<u>294,335</u>	-
	<u>10,542,687</u>	-
Provision for Doubtful Debts		
Balance Beginning of Year	2,370,304	2,370,304
Charge for the Year	-	-
Balance End of Year	<u>2,370,304</u>	<u>2,370,304</u>
9. Inventories		
Mined Raw Material	671,268	423,907
Finished Goods - Processed Aggregate	1,824,196	3,419,139
Stores and Spare Parts	<u>2,562,077</u>	<u>2,497,623</u>
	<u>5,057,541</u>	<u>6,340,669</u>
10. Development Cost		
Balance at beginning of year	7,134,036	8,296,718
Additions for the year	-	287,523
Amortization charge for the year	<u>(1,450,205)</u>	<u>(1,450,205)</u>
Balance at end of year	<u>5,683,831</u>	<u>7,134,036</u>

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 and Equipment	Appliances	Total
	II\$	II\$	II\$	II\$	II\$	II\$	II\$	II\$	II\$	II\$
Bal as at 1 Oct 2019	85,284,726	9,430,846	11,367,444	1,627,679	2,712,755	396,933	2,162,764	8,042,463	348,363	121,393,973
Additions	<u>286,141</u>	<u>309,538</u>	-	<u>28,460</u>	<u>65,384</u>	-	-	<u>57,710</u>	<u>3,732</u>	<u>750,975</u>
Bal as at 30 Sep 2020	85,570,867	9,740,384	11,367,444	1,656,139	2,778,149	396,933	2,162,764	8,100,173	352,095	122,144,948
Accumulated Depreciation										
Bal as at 1 Oct 2019	66,910,843	8,352,872	2,773,649	1,095,734	1,914,849	348,526	551,001	7,223,853	233,216	89,404,543
Charge for the Year	<u>3,313,188</u>	<u>410,364</u>	-	-	<u>600,000</u>	-	-	-	-	<u>4,323,552</u>
Bal as at 30 Sep 2020	70,224,031	8,763,236	2,773,649	1,095,734	2,514,849	348,526	551,001	7,223,853	233,216	93,728,095
Net Book Value										
Bal as at 30 Sept 2020	15,346,836	977,148	8,593,795	560,405	263,300	48,407	1,631,763	876,320	118,879	28,416,863
Bal as at 30 Sept 2019	<u>18,373,883</u>	<u>1,077,974</u>	<u>8,593,795</u>	<u>531,945</u>	<u>797,906</u>	<u>48,407</u>	<u>1,631,763</u>	<u>818,610</u>	<u>116,147</u>	<u>31,989,430</u>

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

11. Fixed Assets (continued)

Cost	Property Plant and Equipment	Mining Equipment	Buildings	Office Equipment	Furniture and Fittings	Motor Vehicles	Road Work	Computer and Equipment	Appliances	Total
	II\$	II\$	II\$	II\$	II\$	II\$	II\$	II\$	II\$	II\$
Bal as at 1 Oct 2018	84,134,856	9,211,336	11,145,023	1,627,679	2,584,870	366,933	2,182,764	7,965,506	324,961	119,573,828
Addition	<u>1,149,870</u>	<u>219,510</u>	<u>222,421</u>	<u>-</u>	<u>127,885</u>	<u>-</u>	<u>-</u>	<u>76,857</u>	<u>23,502</u>	<u>1,820,145</u>
Bal as at 30 Sep 2019	<u>85,284,726</u>	<u>9,430,846</u>	<u>11,367,444</u>	<u>1,627,679</u>	<u>2,712,755</u>	<u>366,933</u>	<u>2,182,764</u>	<u>8,042,463</u>	<u>348,363</u>	<u>121,393,973</u>
Accumulated Depreciation										
Bal as at 1 Oct 2018	64,342,396	7,894,990	2,600,883	1,019,742	1,783,615	332,390	517,700	6,838,958	218,996	85,549,672
Charge for the Year	<u>2,568,445</u>	<u>457,882</u>	<u>172,766</u>	<u>75,992</u>	<u>131,234</u>	<u>16,136</u>	<u>33,301</u>	<u>384,895</u>	<u>14,220</u>	<u>3,854,871</u>
Bal as at 30 Sep 2019	<u>66,910,843</u>	<u>8,352,872</u>	<u>2,773,649</u>	<u>1,095,734</u>	<u>1,914,849</u>	<u>348,526</u>	<u>551,001</u>	<u>7,223,853</u>	<u>233,216</u>	<u>89,404,543</u>
Net Book Value										
Bal as at 30 Sept 2019	<u>18,373,883</u>	<u>1,077,974</u>	<u>8,593,795</u>	<u>531,945</u>	<u>797,906</u>	<u>48,407</u>	<u>1,631,763</u>	<u>818,610</u>	<u>115,147</u>	<u>31,989,430</u>
Bal as at 30 Sept 2018	<u>19,792,458</u>	<u>1,316,346</u>	<u>8,544,140</u>	<u>607,937</u>	<u>901,255</u>	<u>64,544</u>	<u>1,685,064</u>	<u>1,126,547</u>	<u>105,865</u>	<u>34,024,156</u>

National Quarries Company Limited
Notes to the Financial Statements
30 September 2020

	2020	2019
	<u>TT\$</u>	<u>TT\$</u>
12. Bank Overdraft		
Scotiabank Trinidad and Tobago Limited	-	25
First Citizens Bank Limited	<u>531,499</u>	<u>428,590</u>
	<u>531,499</u>	<u>428,615</u>
13. Accounts Payables and Accruals		
Providers of heavy equipment	34,773,104	30,604,272
Due to truckers	3,477,852	3,878,442
Trade payables	22,678,299	19,127,071
Other payables	<u>63,295,575</u>	<u>63,935,465</u>
	<u>124,224,830</u>	<u>117,545,250</u>
14. Stated Capital		
Authorized -		
Unlimited ordinary shares of no par value		
Issued-		
23,280,000 ordinary shares of no par value	2,480,000	2,480,000
Deposit on shares	<u>26,427,000</u>	<u>26,427,000</u>
	<u>28,907,000</u>	<u>28,907,000</u>
15. Cost of Sales		
Opening Stock – Finished Goods	3,419,139	4,640,433
Cost of Production	43,001,088	50,119,064
Other Overheads	2,724,971	2,615,443
Less Closing Stock – Finished Goods	<u>(1,824,196)</u>	<u>(3,419,139)</u>
Cost of sales of processed material	<u>47,321,002</u>	<u>53,955,801</u>
Cost of mined raw material sold directly	<u>134,586</u>	<u>69,258</u>
Cost of Sales	<u>47,455,588</u>	<u>54,025,059</u>
Cost of Production		
Mined raw material transferred to production	18,086,167	19,553,740
Depreciation	3,723,552	3,536,717
Salaries and wages	13,007,029	13,245,175
Equipment rental and other overheads	<u>8,184,340</u>	<u>13,783,432</u>
Cost of Production	<u>43,001,088</u>	<u>50,119,064</u>

National Quarries Company Limited
Notes to the Financial Statements
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	2020	2019
	<u>TT\$</u>	<u>TT\$</u>
15. Cost of Sales (continued)		
Other Costs		
Opening Stock – Spares and Consumables	2,497,623	2,440,399
Repairs and Maintenance	2,789,425	2,672,667
Closing Stock – Spares and Consumables	<u>(2,562,077)</u>	<u>(2,497,623)</u>
	<u>2,724,971</u>	<u>2,615,443</u>
Cost of mined raw material transferred to production		
Opening Stock – Mined Raw Materials	423,907	549,619
<i>Plus: Cost of mining this period</i>		
Equipment Rental	12,489,809	13,146,432
Amortisation of Development Costs	1,450,205	1,450,205
Environmental Rehabilitation	-	50,625
Royalties	2,628,236	3,154,875
Salaries and wages	1,617,384	1,695,149
Other	<u>282,480</u>	<u>-</u>
	<u>18,468,114</u>	<u>19,497,286</u>
Less Closing Stock – Mined Raw Materials	<u>(671,268)</u>	<u>(423,907)</u>
	<u>18,220,753</u>	<u>19,622,998</u>
Mined Raw Material		
Transferred to production	18,086,167	19,553,740
For direct sale	<u>134,586</u>	<u>69,258</u>
	<u>18,220,753</u>	<u>19,622,998</u>

16. Related Party Transactions

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

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

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

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

Expenses

Director Fees	486,000	441,000
Director Expenses	<u>11,348</u>	<u>26,869</u>
	<u>497,348</u>	<u>467,869</u>

Key Management Compensation

Short Term Benefits	<u>3,181,112</u>	<u>3,520,812</u>
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National Quarries Company Limited
Notes to the Financial Statements
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17. 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.

18. 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.

19. Restatement of the comparative's years results

The previous year's financial statements have been restated to comply with International Financial Reporting Standards. These include adjustments to cash at bank, accounts receivable and prepayments, accounts payable, inventories, and royalties payable. Certain of these adjustments affected earlier years and may be reflected in the accumulated deficit brought forward.

