



Chartered Accountants
& Business Advisors

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2020



Chartered Accountants
& Business Advisors

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

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NATIONAL SCHOOLS DIETARY SERVICES LIMITED

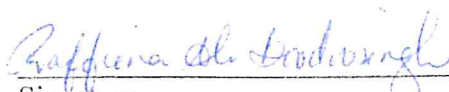
Management is responsible for the following:

- 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 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 company keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- using reasonable and prudent judgement in the determination of estimates.

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


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

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



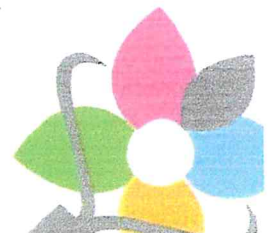
Signature

21 December 2020



Signature

21 December 2020





Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Shareholder
National Schools Dietary Services Limited

Opinion

We have audited the financial statements of National Schools Dietary Services Limited, which comprise the statement of financial position as at 30 September 2020, 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 National Schools Dietary Services Limited as at 30 September 2020 and its financial performance and 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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Partners: Renée-Lisa Philip Mark K. Superville

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.



Barataria
TRINIDAD
21 December 2020

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

ASSETS

	<u>Notes</u>	<u>30 September</u>	
		<u>2020</u>	<u>2019</u>
		(\$)	(\$)
Current Assets:			
Cash resources	5	8,156,858	126,031
Accounts receivable and prepayments	6	1,836,179	1,827,020
Government subventions receivable	7	-	56,909,658
Total Current Assets		9,993,037	58,862,709
Non-Current Assets:			
Fixed assets	8	233,146	329,846
Total Assets		10,226,183	59,192,555

LIABILITIES AND EQUITY

Current Liabilities:			
Accounts payable and accruals	9	1,217,318	58,548,910
Deferred income	7	8,365,220	-
Total Liabilities		9,582,538	58,548,910
Equity:			
Stated capital	10	2	2
Revaluation Reserve	11	204,604	204,604
Capital grants	12	439,039	439,039
Total Equity		643,645	643,645
Total Liabilities and Equity		10,226,183	59,192,555

These financial statements were approved by the Board of Directors and authorised for issue on 21 December 2020 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>2020</u> (\$)	<u>2019</u> (\$)
Income:			
Revenue Grants from the Government of Trinidad and Tobago		129,283,027	209,012,564
Direct expenses	16	<u>(111,215,695)</u>	<u>(196,563,223)</u>
Gross profit		18,067,332	12,449,341
Other income	17	160,844	309,298
Administrative expenses	18	<u>(18,214,543)</u>	<u>(12,727,240)</u>
Profit from operations		13,633	31,399
Finance costs	19	<u>(12,184)</u>	<u>(27,330)</u>
Net profit before taxation		1,449	4,069
Taxation	20	<u>(1,449)</u>	<u>(4,069)</u>
Net profit for the year		-	-
Other Comprehensive Income:			
<u>Items that may be reclassified subsequently to profit and loss</u>			
Unrealised surplus on the revaluation of motor vehicle		-	204,604
Total Comprehensive Income for the year		<u><u>-</u></u>	<u><u>204,604</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 2020

	<u>Stated Capital</u> (\$)	<u>Revaluation Reserve</u> (\$)	<u>Capital Grants</u> (\$)	<u>Equity</u> (\$)
Balance as at 1 October 2018	2	-	439,039	439,041
Total comprehensive income for the year	-	204,604	-	204,604
Balance as at 30 September 2019	<u>2</u>	<u>204,604</u>	<u>439,039</u>	<u>643,645</u>
Balance as at 1 October 2019	2	204,604	439,039	643,645
Total comprehensive income for the year	-	-	-	-
Balance as at 30 September 2020	<u>2</u>	<u>204,604</u>	<u>439,039</u>	<u>643,645</u>

(The accompanying notes form part of these financial statements)

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

STATEMENT OF CASH FLOWS

	For the year ended 30 September	
	<u>2020</u> (\$)	<u>2019</u> (\$)
OPERATING ACTIVITIES:		
Net profit before taxation	1,449	4,069
Adjustments for:		
Gain on disposal of fixed asset	-	(135,000)
Depreciation	<u>99,906</u>	<u>72,206</u>
Changes in operating assets and liabilities	101,355	(58,725)
Net change in accounts receivable and prepayments	(9,158)	44,712
Net change in accounts payable and accruals	(57,331,593)	(15,194,849)
Net change in Government subventions receivable	56,909,658	15,187,436
Taxation paid	(1,449)	(4,069)
Net change in deferred income	<u>8,365,220</u>	<u>-</u>
Cash provided by/(used in) Operating Activities	<u>8,034,033</u>	<u>(25,495)</u>
INVESTING ACTIVITIES:		
Proceeds on disposal of fixed asset	-	135,000
Fixed asset purchases	<u>(3,206)</u>	<u>(26,836)</u>
Cash (used in)/provided by Investing Activities	<u>(3,206)</u>	<u>108,164</u>
Net change in cash and cash equivalents	8,030,827	82,669
Cash and cash equivalents - at beginning of year	<u>126,031</u>	<u>43,362</u>
- at end of year	<u><u>8,156,858</u></u>	<u><u>126,031</u></u>
Represented by:		
Cash resources	<u><u>8,156,858</u></u>	<u><u>126,031</u></u>

(The accompanying notes form part of these financial statements)

NATIONAL SCHOOLS DIETARY SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2020****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 2020

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

(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:

- | | |
|---------|---|
| IFRS 1 | First-time Adoption of Financial Reporting Standards - Amendments regarding subsidiary as first-time adopter (effective for accounting periods beginning on or after 1 January 2022). |
| IFRS 3 | Business Combinations - Amendments regarding the definition of a business (effective for accounting periods beginning on or after 1 January 2020). |
| IFRS 3 | Business Combinations - Amendments regarding the reference to the conceptual framework (effective for accounting periods beginning on or after 1 January 2022). |
| IFRS 4 | Insurance Contracts - Amendments regarding the interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2021). |
| IFRS 4 | Insurance Contracts - Amendments regarding IFRS 17 and the extension of the temporary exemption from applying IFRS 9 (effective for accounting periods beginning on or after 1 January 2023). |
| IFRS 7 | Financial Instruments: Disclosures - Amendments regarding additional disclosures arising from interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2021). |
| IFRS 9 | Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019). |
| IFRS 9 | Financial Instruments - Amendments regarding fees in the 'ten percent' test for derecognition of financial liabilities (effective for accounting periods beginning on or after 1 January 2022). |
| IFRS 16 | Leases - Amendments regarding the interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2021). |
| IFRS 16 | Leases - Amendments regarding the accounting treatment of lease incentives (effective for accounting periods beginning on or after 1 January 2022). |

NATIONAL SCHOOLS DIETARY SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2020****2. Summary of Significant Accounting Policies (Cont'd):****(c) New Accounting Standards and Interpretations -**

- | | |
|----------|--|
| IFRS 17 | Insurance Contracts (effective for accounting periods beginning on or after 1 January 2023). |
| IAS 1 | Presentation of Financial Statements - Amendments regarding the definition of material (effective for accounting periods beginning on or after 1 January 2020). |
| IAS 1 | Presentation of Financial Statements - Amendments regarding the classification of liabilities as current and non-current (effective for accounting periods beginning on or after 1 January 2023). |
| IAS 7 | Statement of Cash Flows - Amendments regarding the definition of material (effective for accounting periods beginning on or after 1 January 2020). |
| IAS 16 | Property, Plant and Equipment - Amendments regarding proceeds before intended use (effective for accounting periods beginning on or after 1 January 2022). |
| IAS 19 | Employee Benefits - Amendments regarding plan amendment, curtailment or settlement (effective for accounting periods beginning on or after 1 January 2019). |
| 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 37 | Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding onerous contracts and cost of fulfilling a contract (effective for accounting periods beginning on or after 1 January 2022). |
| IAS 41 | Agriculture - Amendments regarding taxation in fair value measurements (effective for accounting periods beginning on or after 1 January 2022). |
| IFRIC 23 | Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019). |

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2020

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

(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:-

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

(f) 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.

(g) Income recognition -

Income from investments is accounted for on the accruals basis.

NATIONAL SCHOOLS DIETARY SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2020****2. Summary of Significant Accounting Policies (Cont'd):****(h) Financial instruments -**

All recognised financial assets that are within the scope of International Financial Reporting Standard (IFRS) 9 are required to be subsequently measured at amortised cost or fair value on the basis of:

- (i) the entity's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

The company reassess its business models each reporting period to determine whether they have changed. No such changes have been identified for the current year.

Principal is the fair value of the financial asset at initial recognition. Interest is consideration for the time value of money and for credit and other risks associated with the principal outstanding. Interest also has a profit margin element.

Initial measurement

All financial instruments are initially measured at the fair value of consideration given or received.

The company measures fair values in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The company uses a fair value hierarchy that categorises valuation techniques into three levels:

- (i) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Assets and liabilities are classified as Level 1 if their value is observable in an active market. The use of observable market prices and model inputs, when available, reduces the need for management judgement and estimation, as well as the uncertainty related with the estimated fair value.
- (ii) Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability.
- (iii) Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2020

2. Summary of Significant Accounting Policies (Cont'd):**(h) Financial instruments (cont'd) -****Subsequent measurement**

Those financial assets which are held within a business model with the sole objective of collecting contractual cash flows which comprise principal and interest only, are subsequently measured at amortised cost. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as movements in Expected Credit Loss (ECL). When a financial asset measured at amortised cost is derecognised, the gain/loss is reflected in profit or loss.

Those financial assets which are held within a business model with the objectives of (i) collecting contractual cash flows which comprise principal and interest only, as well as (ii) selling the financial assets, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI). Gains/losses arising on remeasurement of such financial assets are recognised in OCI as *'Items that may be reclassified subsequently to P&L'* and are called *'Net FV gain/(loss) on financial assets classified as at FVOCI'*.

All other financial assets are subsequently measured at Fair Value Through Profit and Loss (FVTPL), except for equity investments, which the company has opted, irrevocably, to measure at FVTOCI. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as *'Net FV gain/(loss) on financial assets classified at FVTPL'*. When a financial asset measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Reclassification

If the business model under which the company holds financial assets changes, the financial assets affected are reclassified accordingly from the first day of the first reporting period following the change in business model

Write-off

Financial assets are written off when the company has no reasonable expectations of recovery, for example, when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay. A write-off constitutes a derecognition event. Subsequent recoveries resulting from the company's enforcement activities will result in gains.

Financial liabilities

Since the company does not trade in financial liabilities, and since there are no measurement or recognition inconsistencies, all financial liabilities are initially measured at fair value, net of transaction costs and subsequently, at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount on initial recognition.

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2020

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

(h) Financial instruments (cont'd) -

Financial liabilities (cont'd)

Financial liabilities recognised at amortised cost are not reclassified.

(i) 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.

3. Financial Risk Management:

Financial risk factors

The company is exposed to 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:

	2020	
	Carrying Value	Fair Value
	(\$)	(\$)
Financial Assets		
Cash resources	8,156,858	8,156,858
Accounts receivable and prepayments	1,836,179	1,836,179
Government subventions receivable	-	-
Financial Liabilities		
Accounts payable and accruals	1,217,318	1,217,318

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2020

3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd)

	2019	
	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>
	(\$)	(\$)
Financial Assets		
Cash resources	126,031	126,031
Accounts receivable and prepayments	1,827,020	1,827,020
Government subventions receivable	56,909,658	56,909,658
Financial Liabilities		
Accounts payable and accruals	58,548,910	58,548,910

(a) 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.

(b) 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.

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2020

3. Financial Risk Management (Cont'd):

(b) Liquidity risk (cont'd) -

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.

ii. Liquidity gap

	2020			
	<u>Up to</u> <u>1 year</u> (\$)	<u>1 to</u> <u>5 years</u> (\$)	<u>Over</u> <u>5 years</u> (\$)	<u>Total</u> (\$)
Financial Assets				
Cash resources	8,156,858	-	-	8,156,858
Accounts receivable and prepayments	<u>1,836,179</u>	<u>-</u>	<u>-</u>	<u>1,836,179</u>
	<u>9,993,037</u>	<u>-</u>	<u>-</u>	<u>9,993,037</u>
Financial Liabilities				
Accounts payable and accruals	<u>1,217,318</u>	<u>-</u>	<u>-</u>	<u>1,217,318</u>
	2019			
	<u>Up to</u> <u>1 year</u> (\$)	<u>1 to</u> <u>5 years</u> (\$)	<u>Over</u> <u>5 years</u> (\$)	<u>Total</u> (\$)
Financial Assets				
Cash resources	126,031	-	-	126,031
Accounts receivable and prepayments	1,827,020	-	-	1,827,020
Government subventions receivable	<u>56,909,658</u>	<u>-</u>	<u>-</u>	<u>56,909,658</u>
	<u>58,862,709</u>	<u>-</u>	<u>-</u>	<u>58,862,709</u>
Financial Liabilities				
Accounts payable and accruals	<u>58,548,910</u>	<u>-</u>	<u>-</u>	<u>58,548,910</u>

NATIONAL SCHOOLS DIETARY SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 SEPTEMBER 2020****3. Financial Risk Management (Cont'd):****(c) 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.

(d) 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.

(e) 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.

(f) 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 Judgments:

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2020

4. Critical Accounting Estimates and Judgements (Cont'd):

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

The 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) Significant increase of credit risk:

The company computes twelve-month ECL for Stage 1 assets and lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Assessing whether there has been a significant increase in credit risk required judgement takes into account reasonable and supportable forward-looking information.

ii) Fair value measurement and valuation process

In estimating the fair value of a financial asset or a liability, the company uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the company uses valuation models to determine the fair value of its financial instruments.

iii) 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. Judgement is also used in determining which depreciation method for fixed assets is used.

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NOTES TO THE FINANCIAL STATEMENTS

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5. Cash Resources:

	30 September	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Cash in hand	5,000	5,000
Republic Bank Limited	<u>8,151,858</u>	<u>121,031</u>
	<u>8,156,858</u>	<u>126,031</u>

6. Accounts Receivable and Prepayments:

	30 September	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Trade receivables	1,757,765	1,694,372
Prepayments	<u>78,414</u>	<u>132,648</u>
	<u>1,836,179</u>	<u>1,827,020</u>

7. Government Subventions Receivable/(Deferred Income):

	30 September	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Balance at beginning of the year	56,909,658	72,097,094
Subventions received	(194,557,905)	(224,200,000)
Subventions utilised	<u>129,283,027</u>	<u>209,012,564</u>
(Deferred income)/subventions receivable	<u>(8,365,220)</u>	<u>56,909,658</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.

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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8. Fixed Assets:

	<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> (\$)
Cost							
Balance as at 1 October 2019	2,183,468	1,041,921	500,241	623,576	204,604	44,691	4,598,501
Additions	-	3,206	-	-	-	-	3,206
Balance as at 30 September 2020	<u>2,183,468</u>	<u>1,045,127</u>	<u>500,241</u>	<u>623,576</u>	<u>204,604</u>	<u>44,691</u>	<u>4,601,707</u>
Accumulated Depreciation							
Balance as at 1 October 2019	2,178,186	949,635	499,345	596,798	-	44,691	4,268,655
Charge for the year	<u>2,642</u>	<u>37,881</u>	<u>224</u>	<u>8,008</u>	<u>51,151</u>	<u>-</u>	<u>99,906</u>
Balance as at 30 September 2020	<u>2,180,828</u>	<u>987,516</u>	<u>499,569</u>	<u>604,806</u>	<u>51,151</u>	<u>44,691</u>	<u>4,368,561</u>
Net Book Value							
Balance as at 30 September 2020	<u><u>2,640</u></u>	<u><u>57,611</u></u>	<u><u>672</u></u>	<u><u>18,770</u></u>	<u><u>153,453</u></u>	<u><u>-</u></u>	<u><u>233,146</u></u>
Balance as at 30 September 2019	<u><u>5,282</u></u>	<u><u>92,286</u></u>	<u><u>896</u></u>	<u><u>26,778</u></u>	<u><u>204,604</u></u>	<u><u>-</u></u>	<u><u>329,846</u></u>

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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8. Fixed Assets Cont'd:

Cost	Leasehold Improvement (\$)	Furniture and Fixtures (\$)	Office Equipment (\$)	Computer Software and Equipment (\$)	Motor Vehicles (\$)	Storage Equipment (\$)	Total (\$)
Balance as at 1 October 2018	2,183,468	1,041,921	499,121	597,860	890,000	44,691	5,257,061
Additions	-	-	1,120	25,716	-	-	26,836
Revaluation adjustment	-	-	-	-	(180,396)	-	(180,396)
Disposals	-	-	-	-	(505,000)	-	(505,000)
Balance as at 30 September 2019	<u>2,183,468</u>	<u>1,041,921</u>	<u>500,241</u>	<u>623,576</u>	<u>204,604</u>	<u>44,691</u>	<u>4,598,501</u>
Accumulated Depreciation							
Balance as at 1 October 2018	2,175,542	910,172	499,121	566,923	890,000	44,691	5,086,449
Charge for the year	2,644	39,463	224	29,875	-	-	72,206
Revaluation adjustment	-	-	-	-	(385,000)	-	(385,000)
Disposals	-	-	-	-	(505,000)	-	(505,000)
Balance as at 30 September 2019	<u>2,178,186</u>	<u>949,635</u>	<u>499,345</u>	<u>596,798</u>	<u>-</u>	<u>44,691</u>	<u>4,268,655</u>
Net Book Value							
Balance as at 30 September 2019	<u>5,282</u>	<u>92,286</u>	<u>896</u>	<u>26,778</u>	<u>204,604</u>	<u>-</u>	<u>329,846</u>
Balance as at 30 September 2018	<u>7,926</u>	<u>131,749</u>	<u>-</u>	<u>30,937</u>	<u>-</u>	<u>-</u>	<u>170,612</u>

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2020

9. Accounts Payables and Accruals:

	30 September	
	<u>2020</u> (\$)	<u>2019</u> (\$)
Audit fees	79,510	78,081
Accounting fees	15,000	15,000
Trade payable	142,090	57,793,525
Accruals	969,031	644,150
VAT payable	(324)	5,651
International Development Research Council of Canada (IDRC) Project	7,509	7,509
Retirees medical	<u>4,502</u>	<u>4,994</u>
	<u>1,217,318</u>	<u>58,548,910</u>

10. Stated Capital:

	30 September	
	<u>2020</u> (\$)	<u>2019</u> (\$)
Authorised:		
An unlimited number of ordinary shares of no par value		
Issued and fully paid:		
2 ordinary shares of no par value	<u><u>2</u></u>	<u><u>2</u></u>

11. Revaluation Reserve:

This reserve represents an adjustment made to the motor vehicle classification of fixed assets, to bring the book value in line with the insurable value, as the asset continues to be utilised in the normal business of the company.

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

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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:

	30 September	
	2020	2019
	(\$)	(\$)
Key management compensation		
Short-term benefits	2,409,969	2,472,000

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 2020.

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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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:

	30 September	
	<u>2020</u> (\$)	<u>2019</u> (\$)
Catering services	104,760,026	185,629,897
Disposable supplies	6,356,533	10,729,520
Samples testing	90,289	190,019
Personal protective equipment	<u>8,847</u>	<u>13,787</u>
	<u>111,215,695</u>	<u>196,563,223</u>

17. Other Income:

	30 September	
	<u>2020</u> (\$)	<u>2019</u> (\$)
Gain on disposal of fixed asset	-	135,000
Income from miscellaneous functions	<u>160,844</u>	<u>174,298</u>
	<u>160,844</u>	<u>309,298</u>

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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18. Administrative Expenses:

	30 September	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Accounting fees	15,000	15,000
Audit fees	114,690	107,959
Consulting	128,675	188,527
Depreciation	99,906	72,206
Directors fees	277,891	275,964
Gratuity	17,846	94,338
Insurance	32,964	35,311
Medical – Employer’s contribution	270,995	268,682
National Insurance – Employer’s contribution	691,328	706,946
Office supplies and stationery	70,339	138,192
Pension – Employer’s contribution	6,238,045	575,090
Rentals	738,855	743,378
Repairs and Maintenance – Equipment	77,844	85,556
Repairs and Maintenance – Building	85,990	110,164
Repairs and Maintenance – Vehicles	12,341	67,056
Salaries	8,622,548	8,514,597
Security	219,600	219,000
Special events	6,486	3,038
Special projects	119,511	119,190
Subscriptions	19,874	21,553
Training	-	(5,000)
Utilities	353,815	370,493
	<u>18,214,543</u>	<u>12,727,240</u>

19. Finance Costs:

	30 September	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Bank charges and interest	<u>12,184</u>	<u>27,330</u>

NATIONAL SCHOOLS DIETARY SERVICES LIMITED

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20. Taxation:

	30 September	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Corporation Tax/Business Levy	(966)	(2,713)
Green Fund Levy	<u>(483)</u>	<u>(1,356)</u>
	<u><u>(1,449)</u></u>	<u><u>(4,069)</u></u>

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 retroactive payment was estimated at **\$4,001,095**. The service provider for the Pension Fund used the Net Crediting Rate and updated the estimate of past service to include retroactive interest. The amount recomputed by the pension provider was **\$5,657,904**. These funds were released by the Ministry of Finance through the Ministry of Education and deposited into the pension fund on behalf of the employees during the year under review.