



Chartered Accountants  
& Business Advisors

**NATIONAL ENTERPRISES LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2015**

**NATIONAL ENTERPRISES LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2015**

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Level 15, Tower D, International Waterfront Centre, Wrightson Road, Port of Spain, Trinidad, W.I.  
Tele: (868) 625-0015 • Fax: (868) 624-3029 Website: [nel.co.tt](http://nel.co.tt) • E-mail: [info.nel@gov.tt](mailto:info.nel@gov.tt)

Ref: AC005-1

June 29, 2015


**Re: Statement of Management Responsibilities**

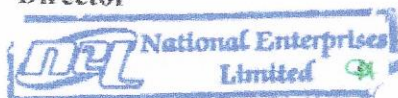
It is the responsibility of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for the year. It is also management's responsibility to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.


Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. Management are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

  
**Ethelbert Wilson**  
Director



  
**Sylvester Ramquar**  
Director

DIRECTORS: Kenny Lue Chee Lip (Chairman), Sylvester Ramquar (Deputy Chairman), Valini Pundit, Ross Alexander, Sherry Katsaroso-Ragbir, Ethelbert Wilson, Anthony Jordan, Utam Maharaj, Navin Rajkumar



Chartered Accountants  
& Business Advisors

## INDEPENDENT AUDITORS' REPORT

### **The Shareholders National Enterprises Limited**

We have audited the accompanying consolidated financial statements of National Enterprises Limited, which comprise the statement of financial position as at 31 March 2015, 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.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of National Enterprises Limited as of 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Port-of-Spain  
TRINIDAD AND TOBAGO  
29 June 2015**

Direct tel (868) 624-4569 | Direct fax (868) 624-4388  
Email [pkf-trinidad@trinidad.net](mailto:pkf-trinidad@trinidad.net)  
PKF | 90 Edward Street | Port-of-Spain | PO Bag 250 Belmont | Trinidad | WI

Directors Reneé-Lisa Philip | Mark K. Superville

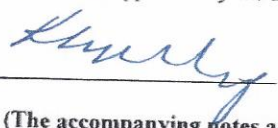


**NATIONAL ENTERPRISES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

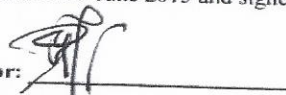
<b>ASSETS</b>				
	<b>Notes</b>	<b>2015 (\$'000)</b>	<b>31 March 2014 (\$'000)</b>	<b>2013 (\$'000) (Re-stated)</b>
<b>Non-Current Assets:</b>				
Equity accounted investments	5	2,675,169	2,336,503	2,519,474
Financial assets	6	275,016	275,706	59,592
Fixed assets	7	152,756	141,077	147,689
Retirement benefit asset	8	10,588	15,193	11,338
Trademarks	9	1,765	2,997	4,229
Total Non-Current Assets		<u>3,115,294</u>	<u>2,771,476</u>	<u>2,742,322</u>
<b>Current Assets:</b>				
Inventories	10	103,807	87,348	77,243
Accounts receivable and prepayments	11	288,299	146,294	93,145
Cash and cash equivalents	12	<u>463,895</u>	<u>586,250</u>	<u>905,994</u>
Total Current Assets		<u>856,001</u>	<u>819,892</u>	<u>1,076,382</u>
<b>Total Assets</b>		<u><b>3,971,295</b></u>	<u><b>3,591,368</b></u>	<u><b>3,818,704</b></u>
<b>LIABILITIES AND EQUITY</b>				
<b>Equity:</b>				
Stated capital	14	1,736,632	1,736,632	1,736,632
Investment remeasurement reserve	15	17,912	16,766	-
Translation reserve		19,532	31,979	24,931
Retained earnings		<u>1,625,238</u>	<u>1,450,384</u>	<u>1,781,076</u>
Capital and reserves attributable to equity holders		3,399,314	3,235,761	3,542,639
Non-controlling interest		<u>95,124</u>	<u>87,896</u>	<u>82,468</u>
Total Equity		<u>3,494,438</u>	<u>3,323,657</u>	<u>3,625,107</u>
<b>Non-Current Liabilities:</b>				
Non-current portion of long term borrowings	16	95,526	2,553	7,663
Non-current portion of finance lease facility		-	-	546
Deferred taxation	17	<u>24,892</u>	<u>15,911</u>	<u>8,696</u>
Total Non-Current Liabilities		<u>120,418</u>	<u>18,464</u>	<u>16,905</u>
<b>Current Liabilities:</b>				
Bank overdraft and short-term borrowings	18	303,661	217,040	131,721
Current portion of long-term borrowings	16	8,796	5,109	5,109
Current portion of finance lease facility		-	546	729
Taxation payable		-	212	898
Accounts payable and accruals	19	<u>43,982</u>	<u>26,340</u>	<u>38,235</u>
Total Current Liabilities		<u>356,439</u>	<u>249,247</u>	<u>176,692</u>
Total Liabilities		<u>476,857</u>	<u>267,711</u>	<u>193,597</u>
<b>Total Liabilities and Equity</b>		<u><b>3,971,295</b></u>	<u><b>3,591,368</b></u>	<u><b>3,818,704</b></u>

These financial statements were approved by the Board of Directors and authorised for issue on 29 June 2015 and signed on their behalf by:

Director:



Director:



(The accompanying notes are an integral part of these financial statements)

**NATIONAL ENTERPRISES LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

		For the year ended 31 March	
		2015 (\$'000)	2014 (\$'000) (Restated)
	<u>Notes</u>		
Turnover		470,316	457,897
Cost of sales		<u>(374,865)</u>	<u>(372,252)</u>
Gross profit		<u>95,451</u>	<u>85,645</u>
Less:			
Selling and distribution expenses		35,389	31,513
Administrative expenses		<u>46,843</u>	<u>35,468</u>
		<u>82,232</u>	<u>66,981</u>
Operating profit		13,219	18,664
Finance costs		(7,385)	(10,457)
Dividend income		18,301	3,679
Interest income		6,297	7,568
Other income		14,802	11,706
Share of profit of equity accounted investments net of tax		<u>456,261</u>	<u>158,328</u>
Profit before taxation	20	501,495	189,488
Taxation	21	<u>(11,071)</u>	<u>(8,130)</u>
Net profit for the year		<u>490,424</u>	<u>181,358</u>
<b>Other comprehensive income</b>			
Remeasurement of retirement benefit asset, net of tax		(1,017)	2,327
Unrealised gains		<u>1,146</u>	<u>16,766</u>
Other comprehensive income for the year		<u>129</u>	<u>19,093</u>
Total comprehensive income for the year		<u><b>490,553</b></u>	<u><b>200,451</b></u>
<b>Attributable to:</b>			
Equity holders of the Company		480,380	190,312
Non-controlling Interest		<u>10,173</u>	<u>10,139</u>
Net profit for the year		<u><b>490,553</b></u>	<u><b>200,451</b></u>
Earnings per share	22	<u><b>0.80</b></u>	<u><b>0.32</b></u>

(The accompanying notes are an integral part of these financial statements)

**NATIONAL ENTERPRISES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2015**

	Stated Capital (\$'000)	Investment Remeasurement Reserve (\$'000)	Translation Reserve (\$'000)	Retained Earnings (\$'000)	Non- Controlling Interest (\$'000)	Total Equity (\$'000)
<b>Year ended 31 March 2015</b>						
Balance as at 1 April 2014	1,736,632	16,766	31,979	1,450,384	87,896	3,323,657
Total Comprehensive income for the year	-	1,146	-	479,234	10,173	490,553
Share of deferred tax on actuarial gain	-	-	-	(25,315)	-	(25,315)
Share of translation reserve	-	-	(12,447)	-	-	(12,447)
Subsidiary dividend	-	-	-	(3,065)	(2,945)	(6,010)
Dividends paid (Note 24)	-	-	-	(276,000)	-	(276,000)
<b>Balance as at 31 March 2015</b>	<b><u>1,736,632</u></b>	<b><u>17,912</u></b>	<b><u>19,532</u></b>	<b><u>1,625,238</u></b>	<b><u>95,124</u></b>	<b><u>3,494,438</u></b>
<b>Year ended 31 March 2014</b>						
Balance as at 1 April 2013	1,736,632	-	24,931	1,781,764	83,130	3,626,457
Restatement (Note 31)	-	-	-	(688)	(662)	(1,350)
Restated balance as at 1 April 2013	1,736,632	-	24,931	1,781,076	82,468	3,625,107
Total Comprehensive Income for the year	-	16,766	-	173,545	10,140	200,451
Share of deferred tax on actuarial gain	-	-	-	(43,333)	-	(43,333)
Share of translation reserve	-	-	7,048	-	-	7,048
Subsidiary dividend	-	-	-	(4,904)	(4,712)	(9,616)
Dividends paid (Note 24)	-	-	-	(456,000)	-	(456,000)
<b>Balance as at 31 March 2014</b>	<b><u>1,736,632</u></b>	<b><u>16,766</u></b>	<b><u>31,979</u></b>	<b><u>1,450,384</u></b>	<b><u>87,896</u></b>	<b><u>3,323,657</u></b>

(The accompanying notes are an integral part of these financial statements)



**NATIONAL ENTERPRISES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	For the year ended 31 March	
	2015 (\$'000)	2014 (\$'000)
<b><u>OPERATING ACTIVITIES</u></b>		
Net profit before interest and taxation	500,624	191,952
Interest received	6,297	7,568
Interest paid	<u>(7,385)</u>	<u>(10,457)</u>
Profit before taxation	499,536	189,063
Adjustment for non-cash items:		
Share of profit of equity accounted investments net of tax	(456,261)	(158,328)
Depreciation	8,631	8,728
Amortisation	1,232	1,232
Finance costs	7,385	10,457
Gain on disposal of fixed asset	-	-
Retirement benefit cost	3,249	(753)
Write off bargain from purchase (negative goodwill)	-	(317)
Impairment adjustment on trade receivables	2,188	777
Restatement of property plant and equipment	<u>(10,751)</u>	<u>-</u>
	55,209	50,859
Net change in operating assets and liabilities	(144,155)	(15,327)
Interest paid	(3,902)	(8,236)
Dividends received	(18,301)	(3,679)
Taxation paid	<u>(2,342)</u>	<u>(2,378)</u>
Cash (used in)/generated from Operating Activities	<u>(113,491)</u>	<u>21,239</u>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchase of investment	(349,636)	(213,395)
Dividends declared but not received from joint ventures and associates	111,441	-
Dividends declared and received from joint ventures and associates (Note 23)	318,028	305,014
Change in long term investments	1,836	(48,030)
Other investment income	18,301	3,679
Purchase of fixed assets	<u>(9,559)</u>	<u>(2,116)</u>
Cash generated from Investing Activities	<u>90,411</u>	<u>45,152</u>
<b><u>FINANCING ACTIVITIES</u></b>		
Proceeds from loan	101,769	-
Finance lease liability	(546)	(729)
Repayment of borrowings	(5,109)	(5,109)
Dividends paid	<u>(282,010)</u>	<u>(465,616)</u>
Cash used in Financing Activities	<u>(185,896)</u>	<u>(471,454)</u>
Net change in Cash Resources	(208,976)	(405,063)
Net Cash Resources at beginning of year	<u>369,210</u>	<u>774,273</u>
Net Cash Resources at end of year *	<u><u>160,234</u></u>	<u><u>369,210</u></u>

\* Cash Resources comprise cash and cash equivalents net of bank overdraft and short-term borrowings (Note 13).

(The accompanying notes are an integral part of these financial statements)



# NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2015

### 1. Incorporation and Principal Activities:

The Company is incorporated in Trinidad and Tobago and is controlled by the Minister of Finance (Corporation Sole). It was formed by the Government of the Republic of Trinidad and Tobago as part of a re-organisation exercise, to hold its shareholdings in selected state enterprises and facilitate a public offering on the Trinidad and Tobago Stock Exchange.

Its initial portfolio of investments in NFM, TSTT and TRINGEN were transferred at their last audited net asset value by the Minister of Finance (Corporation Sole) on behalf of the Government in exchange of 500,000,000 ordinary shares of no par value in the Company. All formation expenses were borne by the Ministry of Finance. Subsequently, on 14 December 2001, the Company acquired a 20% shareholding in NGCNGL financed by the issue of an additional 50,511,540 shares and on 8 December 2003, the Company acquired a 37.84% shareholding in NGCLNG financed by the issue of an additional 49,489,101 shares.

In December 2014, the Company entered into a joint venture and acquired 33.33% of Pan West Engineers and Constructors, LLC. The Company's principal business activity is therefore that of an Investment Holding Company and it has no business operations of its own. The company has a wholly owned subsidiary, NEL Power Holdings Limited. The principal business activities of its investee companies are disclosed in **Note 28**.

The registered office of the Company is Level 15, Tower D, International Waterfront Centre, Wrightson Road, Port of Spain.

### 2. Summary of Significant Accounting Policies:

#### (a) **Basis of preparation -**

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

The accounting policies adopted are consistent with those of the previous financial year.

The group has elected to present one statement.

**NATIONAL ENTERPRISES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2015**

**2. Summary of Significant Accounting Policies (Continued):**

**(b) Critical accounting estimates and judgements in applying accounting policies -**

The preparation of financial statements in conformity with IFRSs requires the use of estimates and 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. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. Significant accounting estimates relate to the assessment of inventory and provision for doubtful receivables, as well as, the estimated useful lives of fixed assets and trademarks.

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

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

IFRS 2	Share-based payment - Amendment to the definition of vesting condition (effective for accounting periods beginning on or after 1 July 2014).
IFRS 3	Business Combinations - Amendment re: accounting for a contingent consideration in a business combination (effective for accounting periods beginning on or after 1 July 2014).
IFRS 3	Business Combinations - Amendment on the scope of exception for joint ventures (effective for accounting periods beginning on or after 1 July 2014).
IFRS 8	Operating Segments - Amendment re: disclosure of the aggregation of operating segments and the reconciliation of assets (effective for accounting periods beginning on or after 1 July 2014).
IFRS 10	Consolidated Financial Statements - Amendment for investment entities (effective for accounting periods beginning on or after 1 January 2014).
IFRS 12	Disclosure of Interests in Other Entities - Amendment for investment entities (effective for accounting periods beginning on or after 1 January 2014).
IFRS 13	Fair Value Measurement - Amendment re: clarification of portfolio exception (effective for accounting periods beginning on or after 1 July 2014).
IAS 16	Property, Plant and Equipment - Amendment re: proportionate restatement of accumulated depreciation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).



**NATIONAL ENTERPRISES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2015**

**2. Summary of Significant Accounting Policies (Continued):**

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

- IAS 24     Related Party Disclosures - Amendment on disclosures for entities providing key management personnel services (effective for accounting periods beginning on or after 1 July 2014).
- IAS 27     Separate Financial Statements - Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IAS 32     Financial Instruments; Presentation - Amendment re: application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014).
- IAS 38     Intangible Assets - Amendment re: the proportionate restatement of accumulated amortisation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).
- IAS 39     Financial Instruments: Recognition and Measurement - Amendment re: the novation of derivatives and continuation of hedge accounting (effective for accounting periods beginning on or after 1 January 2014).
- IAS 40     Investment Property - Amendment re: clarification of specific transactions that are both business combinations and investment property (effective for accounting periods beginning on or after 1 July 2014).
- IFRIC 21   Levies (effective for accounting periods beginning on or after 1 January 2014).

**ii)**     The Group 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 Group or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

- IFRS 5     Non-current Assets Held for Sale and Discontinued Operations - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 7     Financial Instruments: Disclosures - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 9     Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).

**NATIONAL ENTERPRISES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2015**

**2. Summary of Significant Accounting Policies (Continued):**

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

- |         |  |
|---------|--|
| IFRS 10 | Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).  |
| IFRS 10 | Consolidated Financial Statements - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).   |
| IFRS 11 | Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016).   |
| IFRS 12 | Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).  |
| IFRS 14 | Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).  |
| IFRS 15 | Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).   |
| IAS 1   | Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2016).  |
| IAS 16  | Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).   |
| IAS 16  | Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).  |
| IFRS 19 | Employee Benefits: Disclosures - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).  |
| IAS 27  | Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective for accounting periods beginning on or after 1 January 2016). |



**NATIONAL ENTERPRISES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2015**

**2. Summary of Significant Accounting Policies (Continued):**

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

- |        |   |
|--------|---|
| IAS 28 | Investment in Associates - Amendments regarding the sale or contribution of assets between investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016). |
| IAS 28 | Investment in Associates - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).   |
| IAS 34 | Interim Financial Reporting - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).  |
| IAS 38 | Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).                      |
| IAS 41 | Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning).  |

**(d) Consolidation -**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. National Flour Mills Limited, in which the Group has a 51% interest, and NEL Power Holdings Limited, in which the Group has a 100% interest, are subsidiaries. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account. All intercompany transactions and balances are eliminated on consolidation.

## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2015

2. Summary of Significant Accounting Policies (Continued):(e) **Equity accounted investments -**

National Enterprises Limited ("the Company" or "NEL") owns 51% of Telecommunication Services of Trinidad and Tobago Limited ("TSTT") and Trinidad Nitrogen Company Limited ("TRINGEN"). Although NEL is the majority shareholder in these entities, shareholder agreements with the minority shareholders of both companies establish joint control by the joint venture partners. Additionally NEL owns 33.33% – Pan West Engineers Constructors, LLC and in accordance with International Accounting Standard No. 31 – Interests in Joint Ventures, these investments are accounted for using the equity method of accounting. NGC NGL Company Limited ("NGCNGL") and NGC Trinidad and Tobago LNG Limited ("NGCLNG") in which the Company has a 20% and 37.84% interest respectively, are associates and also accounted for using the equity method of accounting in accordance with International Accounting Standard No. 28 – Investments in Associates.

Equity accounting involves recognising in the profit and loss account, the Group's share of the associated company's post-acquisition profits and losses. The Group's share of the associated company's post-acquisition movements in reserves is recognized in reserves. The Group's interest in associated companies is carried in the Consolidated Statement of Financial Position at an amount which reflects its share of net assets including any fair value adjustments at the date of acquisition.

(f) **Financial assets -**

Financial assets are classified into the following categories – loans and receivables, available for sale and held to maturity financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

*Loans and receivables*

Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market and which the Group does not intend to sell in the short-term or which it has not designated as fair value through profit and loss, available for sale or held to maturity. Loans and receivables are carried at amortized cost using the effective interest method.

*Available for sale*

Investments intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates are classified as available for sale. These investments are carried at fair value with realized gains and losses being taken to the profit and loss account and unrealized gains and losses being shown in equity.



## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2015

2. Summary of Significant Accounting Policies (Continued):(f) **Financial assets -***Held to maturity*

Investments with fixed or determinable payments and fixed maturity which the Group has the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised costs.

Purchases and sales of investments are recognized on the trade date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus, in the case of financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to their acquisition. Investments are derecognized when the rights to receive cash flows from the investments have expired or where the Group has transferred substantially all risks and rewards of ownership.

The fair value of publicly traded instruments is based on its quoted market price at the reporting date. Where market values are not available the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

(g) **Fixed assets -**

Fixed assets are stated as cost less related depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred. Land is not depreciated. Depreciation on other assets is calculated on the straight-line method to allocate their cost over their estimated useful lives using the following rates:

Buildings	2.5%
Plant and machinery	4.0 – 10.0%
Forklift, trucks and loaders	25.0%
Office equipment and air conditioning	10.0%
Computer equipment	20.0% - 25.0%
Motor vehicles	25.0%
Leasehold improvements	10%

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 disposal are determined by comparing proceeds with the carrying amount and are included in the Consolidated Statement of Comprehensive Income.

## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2015

2. Summary of Significant Accounting Policies (Continued):

## (h) Retirement benefit plan -

The Subsidiary, National Flour Mills Limited, operates a defined benefit plan covering its permanent employees. The funds of the Plan are administered by trustees. The Company's net obligation in respect of the retirement benefit plan is calculated by estimating the amount of future benefit and that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan assets. The calculation of the defined benefit obligation is performed annually by a qualified independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds of Plan or reductions in future contributions to the Plan (after considering any minimum funding requirements).

Remeasurement of the net defined benefit asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any), are recognised immediately in other comprehensive income.

Net interest expense (income) or the net defined benefit liability (asset) is determined using the discount rate. Net interest expense and other expenses related to the retirement benefit plan are recognised in profit or loss.

The actuary performs a full actuarial valuation every three years and any surpluses or deficits may be recognised by an adjustment of future contribution rates.

## (i) Trademarks -

Trademarks are shown at historical cost less accumulated amortization. Amortisation is calculated using the straight-line method at 7.1% per annum to allocate the cost of trademarks over their estimated useful lives. The remaining amortization period is approximately 6 years.

## (j) Inventories -

Inventories are stated at the lower of cost and net realizable value. The cost of raw materials, packaging materials and maintenance spares is determined on the first-in, first-out basis. Finished products are stated at the lower of average cost of production and net realizable value. Cost of production comprises raw material, direct labour, other direct cost and related production overheads based on normal operating capacity. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less selling expenses.



**NATIONAL ENTERPRISES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2015**

**2. Summary of Significant Accounting Policies (Continued):**

**(k) Accounts receivable and prepayments -**

Trade and sundry receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that a receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the Consolidated Statement of Comprehensive Income.

**(l) Cash and cash equivalents -**

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, other short-term highly liquid investments less bank overdrafts. Bank overdrafts are shown within current liabilities on the Consolidated Statement of Financial Position.

**(m) Share capital -**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

**(n) Borrowings -**

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

**NATIONAL ENTERPRISES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2015**

**2. Summary of Significant Accounting Policies (Continued):**

**(o) Taxation -**

The Company is subject to Corporation Tax as it does not meet the criteria of an Investment Company as defined by the Corporation Tax Act, Section 6(3). Tax on profit or loss for the year comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the taxable income for the year using the prevailing tax rate and any adjustment to tax payable for previous years.

Deferred tax is calculated using the liability method whereby liabilities are recognised for temporary differences arising between the carrying amount of assets and liabilities in the Consolidated Statement of Financial Position and their tax basis, using tax rates that have been enacted or substantially enacted by the year end reporting date, which result in taxable amounts in future periods. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent it is probable that sufficient taxable profits will be available against which the unused tax losses can be utilised.

**(p) 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 a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any other item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures 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 the passage of time is recognized in the Consolidated Statement of Comprehensive Income.

**(q) Revenue recognition -**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of activities. Revenue is shown net of value-added-tax, rebates and discounts and after eliminating intra-group sale. Interest income is recognised on the accruals basis and dividend income is accrued for when the right to receive payment is established.

**(r) Earnings per share -**

Earnings per share is calculated by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.



**NATIONAL ENTERPRISES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2015**

**2. Summary of Significant Accounting Policies (Continued):**

**(s) Foreign currency translation -**

*Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in thousands of Trinidad and Tobago dollars, which is the Company's functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

*Group companies*

The results and financial position of group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of the Statement of Financial Position;
- (ii) Income and expenses for each Statement of Comprehensive Income are translated at average exchange rates; and
- (iii) The resulting exchange differences are recognized as a separate component of equity.

**(t) Segment reporting -**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.



## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2015

**2. Summary of Significant Accounting Policies (Continued):****(u) Impairment of assets -**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

**(v) Leases -**

Assets obtained under finance leases are capitalised in the Consolidated 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 Consolidated 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 portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

**(w) Dividends -**

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are declared by the Company's directors.

**NATIONAL ENTERPRISES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2015**

**3. Financial Risk Management:**

**Financial risk factors**

The Group's activities are primarily related to the use of financial instruments. The Group accepts funds from shareholders and earns interest by investing in equity investments.

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

	<b>2015</b>	
	<b>Carrying Value (\$'000)</b>	<b>Fair Value (\$'000)</b>
<b>Financial Assets</b>		
Equity accounted investments	2,786,610	2,786,610
Held to maturity	55,681	55,681
Available for sale	219,335	219,335
Retirement benefit asset	10,588	10,588
Accounts receivable and prepayments	176,858	176,858
Cash and cash equivalents	463,895	463,895
<b>Financial Liabilities</b>		
Long term borrowings	104,322	104,322
Accounts payables and accruals	43,982	43,982
Bank overdraft and short-term borrowings	303,661	303,661

## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2015

3. **Financial Risk Management (Continued):****Financial risk factors**

The Group's activities are primarily related to the use of financial instruments. The Group accepts funds from shareholders and earns interest by investing in equity investments.

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

	2014	
	Carrying Value (\$'000)	Fair Value (\$'000)
<b>Financial Assets</b>		
Equity accounted investments	2,336,503	2,336,503
Held to maturity	57,517	57,517
Available for sale	218,189	218,189
Retirement benefit asset	15,193	15,193
Accounts receivable and prepayments	146,294	146,294
Cash and cash equivalents	586,250	586,250
<b>Financial Liabilities</b>		
Long term borrowings	7,662	7,662
Finance lease facility	546	546
Accounts payables and accruals	26,340	26,340
Bank overdraft and short-term borrowings	217,040	217,040



## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2015

**3. Financial Risk Management (Continued):****(a) Interest rate risk -**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans and other funding instruments.

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

**Interest rate sensitivity analysis**

The Group's exposure to interest rate risk is summarized in the table below, which analyses assets and liabilities at their carrying amounts categorized according to their maturity dates.

		2015				
	Effective Rate	Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)	Non - Interest Bearing (\$'000)	Total (\$'000)
<b>Financial Assets</b>						
Equity accounted investments	0%	-	-	-	2,786,610	2,786,610
Held to maturity	2 - 7%	-	-	55,681	-	55,681
Available for sale	0%	-	-	-	219,335	219,335
Retirement benefit asset				10,588	-	10,588
Accounts receivables and prepayments	0%	119,922	-	56,936	-	176,858
Cash and cash equivalents	0 - 2.25%	<u>463,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,895</u>
		<u>583,817</u>	<u>-</u>	<u>123,205</u>	<u>3,005,945</u>	<u>3,712,967</u>
<b>Financial Liabilities</b>						
Long term borrowings	6.18%	8,796	-	95,526	-	104,322
Accounts payables and accruals	0%	43,982	-	-	-	43,982
Bank overdraft and short-term borrowings	0 - 1.4%	<u>303,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>303,661</u>
		<u>356,439</u>	<u>-</u>	<u>95,526</u>	<u>-</u>	<u>451,965</u>

## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2014

3. **Financial Risk Management (Continued):****Financial risk factors (continued)****a) Interest rate risk (continued) -**

		2014					
	Effective Rate	Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)	Non-Interest Bearing (\$'000)	Total (\$'000)	
<b>Financial Assets</b>							
Equity accounted investments	0%	-	-	-	2,336,503	2,336,503	
Held to maturity	2 - 7%	-	-	57,517	-	57,517	
Available for sale	0%	-	-	-	218,189	218,189	
Retirement benefit asset				15,193	-	15,193	
Accounts receivables and prepayments	0%	70,191	13,705	62,398	-	146,294	
Cash and cash equivalents	0 - 2.25%	<u>513,590</u>	<u>-</u>	<u>-</u>	<u>72,660</u>	<u>586,250</u>	
		<u>583,781</u>	<u>13,705</u>	<u>135,108</u>	<u>2,627,352</u>	<u>3,359,946</u>	
<b>Financial Liabilities</b>							
Long term borrowings	6.18%	5,109	2,553	-	-	7,662	
Finance lease facility		546	-	-	-	546	
Accounts payables and accruals	0%	26,340	-	-	-	26,340	
Bank overdraft and short-term borrowings	0 - 1.4%	<u>217,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,040</u>	
		<u>249,035</u>	<u>2,553</u>	<u>-</u>	<u>-</u>	<u>251,588</u>	

**b) Credit Risk -**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has policies in place to ensure that all amounts due are collected within the specified credit period.

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

## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2015

3. **Financial Risk Management (Continued):****Financial risk factors (continued)**c) **Liquidity Risk -**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group 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.

**Liquidity gap**

The Group's exposures to liquidity risk is summarized in the table below which analyses assets and liabilities based on the remaining period from the reporting date to the contractual maturity date.

	2015			
	Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)	Total (\$'000)
<b>Financial Assets</b>				
Equity accounted investments	-	-	2,786,610	2,786,610
Held to maturity	-	-	55,681	55,681
Available for sale	-	-	219,335	219,335
Retirement benefit asset	-	-	10,588	10,588
Accounts receivables and prepayments	119,922	-	56,936	176,858
Cash and cash equivalents	<u>463,895</u>	-	-	<u>463,895</u>
	<u>583,817</u>	-	<u>3,129,150</u>	<u>3,712,967</u>
<b>Financial Liabilities</b>				
Long term borrowings	8,796	-	95,526	104,322
Accounts payables and accruals	43,982	-	-	43,982
Bank overdraft and short-term borrowings	<u>303,661</u>	-	-	<u>303,661</u>
	<u>356,439</u>	-	<u>95,526</u>	<u>451,965</u>



## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2015

3. **Financial Risk Management (Continued):****Financial risk factors (continued)****(c) Liquidity risk (continued) -**

	2014			
	Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)	Total (\$'000)
<b>Financial Assets</b>				
Equity accounted investments	-	-	2,336,503	2,336,503
Held to maturity	-	-	57,517	57,517
Available for sale	-	-	218,189	218,189
Retirement benefit asset	-	-	15,193	15,193
Accounts receivables and prepayments	70,191	13,705	62,398	146,294
Cash and cash equivalents	<u>586,250</u>	<u>-</u>	<u>-</u>	<u>586,250</u>
	<u>656,441</u>	<u>13,705</u>	<u>2,689,800</u>	<u>3,359,946</u>
<b>Financial Liabilities</b>				
Long term borrowings	5,109	2,553	-	7,662
Finance Lease Facility	546	-	-	546
Accounts payables and accruals	26,340	-	-	26,340
Bank overdraft and short-term borrowings	<u>217,040</u>	<u>-</u>	<u>-</u>	<u>217,040</u>
	<u>249,035</u>	<u>2,553</u>	<u>-</u>	<u>251,588</u>

## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2015

**3. Financial Risk Management (Continued):****(d) Currency risk -**

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

**(e) Operational risk -**

Operational risk is the risk derived from deficiencies relating to the Group's information technology and control systems, as well as the risk of human error and natural disasters. The Group'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.

**(f) Compliance risk -**

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent, due to the supervision applied by the Securities and Exchange Commission of Trinidad and Tobago, as well as by the monitoring controls applied by the Group.

**(g) Reputation risk -**

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

**NATIONAL ENTERPRISES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2015**

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

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 Group's accounting policies.

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

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

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

- i) Whether investments are classified as held to maturity investments, available for sale or loans and receivables.
- ii) Whether leases are classified as operating leases or finance leases.
- iii) Which depreciation method for plant and equipment is used.

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

i) Impairment of assets

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

ii) Plant and equipment

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



**NATIONAL ENTERPRISES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2015**

**5. Equity Accounted Investments:**

	<b>TSTT</b> <b>(\$'000)</b>	<b>TRINGEN</b> <b>(\$'000)</b>	<b>NGCNGL</b> <b>(\$'000)</b>	<b>NGCLNG</b> <b>(\$'000)</b>	<b>PAN</b> <b>WEST</b> <b>(\$'000)</b>	<b>Total</b> <b>(\$'000)</b>
<b>Year ended 31 March 2015</b>						
Balance as at 1 April 2014	1,230,729	303,353	294,436	507,985	-	2,336,503
Investment in joint venture					349,636	349,636
Share of profit after taxation	108,575	156,634	72,269	109,002	9,781	456,261
Dividends declared but not received	-	(111,441)	-	-	-	(111,441)
Dividends declared and received	-	(97,800)	(73,333)	(137,114)	(9,781)	(318,028)
Share of translation reserve	-	(5,032)	(1,991)	(5,424)	-	(12,447)
Share of actuarial loss net of deferred tax	<u>(23,600)</u>	<u>(1,715)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,315)</u>
Balance as at 31 March 2015	<u>1,315,704</u>	<u>243,999</u>	<u>291,381</u>	<u>474,449</u>	<u>349,636</u>	<u>2,675,169</u>
<b>Year ended 31 March 2014</b>						
Balance as at 1 April 2013	1,501,349	233,686	289,401	495,038	-	2,519,474
Share of profit after taxation	(226,091)	192,369	58,676	133,374	-	158,328
Dividends received	(12,591)	(115,055)	(54,337)	(123,031)	-	(305,014)
Share of translation reserve	-	3,748	696	2,604	-	7,048
Share of actuarial loss net of deferred tax	<u>(31,938)</u>	<u>(11,395)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,333)</u>
Balance as at 31 March 2014	<u>1,230,729</u>	<u>303,353</u>	<u>294,436</u>	<u>507,985</u>	<u>-</u>	<u>2,336,503</u>

As a result of the financial year ends of TRINGEN, NFM, NGCNGL and NGCLNG not being co-terminus with that of NEL, the book value under the equity method is based on the audited net asset positions as at 31 December 2014.

**NATIONAL ENTERPRISES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2015**

**5. Equity Accounted Investments (Continued):**

The Group's share of the results of associates and its share of the assets and liabilities are as follows:

	Assets (\$'000)	Liabilities (\$'000)	Income (\$'000)	Profit after taxation (\$'000)
<b>2015</b>				
NGC NGL Company Limited	367,309	12,618	133,087	133,374
NGC Trinidad and Tobago				
LNG Limited	<u>107,847</u>	<u>208</u>	<u>58,318</u>	<u>58,676</u>
	<u>475,156</u>	<u>12,826</u>	<u>191,405</u>	<u>192,050</u>
<b>2014</b>				
NGC NGL Company Limited	319,804	20	109,100	109,002
NGC Trinidad and Tobago				
LNG Limited	<u>103,666</u>	<u>30</u>	<u>72,687</u>	<u>72,269</u>
	<u>423,470</u>	<u>50</u>	<u>181,787</u>	<u>181,271</u>

There are no contingent liabilities relating to the associated companies.

The Group's share of the results of joint ventures and its share of the assets, liabilities, contingent liabilities and capital commitments are as follows:

	<b>TSTT</b>		<b>TRINGEN</b>		<b>PAN WEST</b>	
	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)
<b>Assets</b>						
Non-current assets	1,957,910	2,030,815	652,330	377,046	349,636	-
Current assets	<u>721,874</u>	<u>600,996</u>	<u>257,563</u>	<u>304,054</u>	-	-
	<u>2,679,784</u>	<u>2,631,811</u>	<u>909,893</u>	<u>681,100</u>	<u>349,636</u>	-
<b>Liabilities</b>						
Non-current liabilities	308,235	387,474	188,982	141,589	-	-
Current liabilities	<u>1,055,795</u>	<u>1,013,558</u>	<u>357,294</u>	<u>229,020</u>	-	-
	<u>1,364,030</u>	<u>1,401,032</u>	<u>546,276</u>	<u>370,609</u>	-	-
Net assets	<u>1,315,754</u>	<u>1,230,779</u>	<u>363,617</u>	<u>310,491</u>	<u>349,636</u>	-
<b>Income</b>	1,510,266	1,541,840	1,140,339	1,198,073	29,433	-
<b>Expenses</b>	<u>(1,425,291)</u>	<u>(1,767,931)</u>	<u>(983,705)</u>	<u>(1,005,704)</u>	<u>(90)</u>	-
Profit/(loss) after taxation	<u>84,975</u>	<u>(226,091)</u>	<u>156,634</u>	<u>192,369</u>	<u>29,343</u>	-
Capital commitments	96,339	70,227	24,823	115,121	-	-

## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. Equity Accounted Investments (Continued):

	No. of Shares	Book Value Under Equity Method (\$'000)
<b>31 March 2015</b>		
Telecommunications Services of Trinidad and Tobago Limited ("A" shares)	144,238,384	1,315,704
Trinidad Nitrogen Co. Limited ("A" shares)	306,000	243,999
NGC NGL Company Limited	9,406,950	474,449
NGC Trinidad and Tobago LNG Limited	9,226	291,381
Pan West Engineers and Constructors, LLC		<u>349,636</u>
		<u><b>2,675,169</b></u>
<b>31 March 2014</b>		
Telecommunications Services of Trinidad and Tobago Limited ("A" shares)	144,238,384	1,230,729
Trinidad Nitrogen Co. Limited ("A" shares)	306,000	303,353
NGC NGL Company Limited	9,406,950	507,985
NGC Trinidad and Tobago LNG Limited	9,226	<u>294,436</u>
		<u><b>2,336,503</b></u>

6. Financial Assets:

	2015 (\$'000)	2014 (\$'000)
<b>Held to Maturity:</b>		
National Housing Authority TT\$40M 7% FXRB due 2025	39,459	39,406
Home Mortgage Bank TT\$20M series B 2% FXRB due 2022	16,222	18,111
<b>Available for sale investments:</b>		
CLICO Investment Fund	22,510	21,850
First Citizens Bank Limited	45,270	44,784
Metal Industries Limited	12	12
Power Generation Company of Trinidad and Tobago Limited	151,316	151,316
Trinidad and Tobago Stock Exchange	<u>227</u>	<u>227</u>
	<u><b>275,016</b></u>	<u><b>275,706</b></u>



**NATIONAL ENTERPRISES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**7. Fixed Assets:**

	<b>Industrial and Office Buildings (\$'000)</b>	<b>Plant, Machinery and Equipment (\$'000)</b>	<b>Office Furniture, Equipment and Motor Vehicles (\$'000)</b>	<b>Work in Progress (\$'000)</b>	<b>Total (\$'000)</b>
<b>31 March 2015</b>					
Opening net book amount	110,229	29,985	863	-	141,077
Additions	286	8,167	803	303	9,559
Restatement	3,572	5,671	1,508	-	10,751
Depreciation	<u>(3,309)</u>	<u>(4,974)</u>	<u>(348)</u>	<u>-</u>	<u>(8,631)</u>
Closing net book value	<u>110,778</u>	<u>38,849</u>	<u>2,826</u>	<u>303</u>	<u>152,756</u>
Cost	164,207	342,168	31,856	303	538,534
Accumulated depreciation	<u>(53,429)</u>	<u>(303,319)</u>	<u>(29,030)</u>	<u>-</u>	<u>(385,778)</u>
Closing net book value	<u>110,778</u>	<u>38,849</u>	<u>2,826</u>	<u>303</u>	<u>152,756</u>
<b>Year ended 31 March 2014</b>					
Opening net book amount	111,758	34,360	1,571	-	147,689
Additions	122	1,446	548	-	2,116
Depreciation	<u>(1,651)</u>	<u>(5,821)</u>	<u>(1,256)</u>	<u>-</u>	<u>(8,728)</u>
Closing net book amount	<u>110,229</u>	<u>29,985</u>	<u>863</u>	<u>-</u>	<u>141,077</u>
Cost	160,349	328,330	29,545	-	518,224
Accumulated depreciation	<u>(50,120)</u>	<u>(298,345)</u>	<u>(28,682)</u>	<u>-</u>	<u>(377,147)</u>
Closing net book amount	<u>110,229</u>	<u>29,985</u>	<u>863</u>	<u>-</u>	<u>141,077</u>

**NATIONAL ENTERPRISES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. Retirement Benefit Asset:**

	<b>2015</b>	<b>2014</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>a) Change in Defined Benefit Obligations</b>		
Defined benefit obligations at start	(150,182)	(139,207)
Service cost	(6,221)	(5,065)
Interest cost	(7,473)	(6,863)
Members' contributions	(1,480)	(1,842)
Benefits paid	4,194	3,926
Remeasurement:		
Experience adjustments	(4,695)	(1,131)
Actuarial loss from changes in financial assumptions	<u>4,194</u>	<u>-</u>
<b>Defined Benefit Obligation at end</b>	<u><u>(161,663)</u></u>	<u><u>(150,182)</u></u>
<b>b) Amount recognized in the Statement of Financial Position</b>		
Present value of defined benefit obligation	(161,663)	(150,182)
Fair value of plan assets	<u>172,251</u>	<u>165,375</u>
<b>Net IAS #19 Defined Benefit Asset</b>	<u><u>10,588</u></u>	<u><u>15,193</u></u>
<b>c) Change in Plan Assets</b>		
Plan assets at start of year	165,375	150,545
Expected return on Plan assets	(788)	4,233
Interest income	8,254	7,601
Company contributions	2,508	5,430
Members' contributions	1,480	1,842
Benefits paid	(4,194)	(3,926)
Expense allowance	<u>(384)</u>	<u>(350)</u>
<b>Plan Assets at end of year</b>	<u><u>172,251</u></u>	<u><u>165,375</u></u>
<b>Actual Return on Plan Assets</b>	<u><u>7,466</u></u>	<u><u>11,834</u></u>

**NATIONAL ENTERPRISES LIMITED**  
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**8. Retirement Benefit Asset (Continued):**

	<b>2015</b> <b>(\$'000)</b>	<b>2014</b> <b>(\$'000)</b>
<b>d) Amounts recognized in the Statement of Comprehensive Income</b>		
Current service cost	6,221	5,065
Interest on defined benefit obligation	(848)	(738)
Administrative expenses	<u>384</u>	<u>350</u>
<b>Net Pension Cost</b>	<u><u>5,757</u></u>	<u><u>4,677</u></u>
<b>e) Reconciliation of Opening and Closing Statement of Financial Position Entries</b>		
Opening defined benefit asset	15,193	11,338
Net pension cost	(5,757)	(4,677)
Remeasurement recognized in other comprehensive income	(1,356)	3,102
	<u>2,508</u>	<u>5,430</u>
Company contributions paid		
<b>Closing Defined Benefit Asset</b>	<u><u>10,588</u></u>	<u><u>15,193</u></u>
<b>f) Remeasurement reorganized in other Comprehensive Income</b>		
Experience (gains)/losses	<u><u>1,356</u></u>	<u><u>(3,102)</u></u>
<b>g) Experience History</b>		
Defined benefit obligation	(161,663)	(150,182)
Fair value of Plan assets	<u>172,251</u>	<u>165,375</u>
Surplus	10,588	15,193
Experience adjustment of Plan liabilities	4,695	1,131
Actuarial losses from changes in financial assumptions	<u><u>(4,194)</u></u>	<u><u>-</u></u>



## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. Retirement Benefit Asset (Continued):

- h) The Company expects to contribute \$7 million to its defined benefit pension plan in 2015.

	2015 (\$'000)	2014 (\$'000) (Restated)
i) <b>Summary of Principal Assumptions</b>		
Discount rate	5.00%	5.00%
Salary increases	4.25%	4.75%
Pension increases	0.00%	0.00%

Expected rate of return on assets are set by reference to estimated long-term returns on the Plan's strategic asset allocation. Allowance is made for some excess performance from the Plan's equity portfolio.

j) **Asset Allocation**

Locally listed equities ties	44,375	42,865
Overseas equities	12,288	10,235
TT\$-denominated bonds	72,561	76,792
Non-TT\$-denominated bonds (mainly US\$)	13,289	14,330
Mutual funds (short-term securities)	1,953	1,679
Cash and cash equivalents	15,941	7,171
Other (immediate annuity policies)	<u>11,844</u>	<u>12,303</u>
Fair value of Plan assets at end of year	<u>172,251</u>	<u>165,375</u>

The plan does not directly hold any assets of the Company.

9. Trademarks:

	2015 (\$'000)	2014 (\$'000)
Cost	17,312	17,312
Accumulated amortization	<u>(15,547)</u>	<u>(14,315)</u>
Net book value	<u>1,765</u>	<u>2,997</u>
Net book value at beginning of year	2,997	4,229
Charge for the year	<u>(1,232)</u>	<u>(1,232)</u>
Net book value at end of year	<u>1,765</u>	<u>2,997</u>

## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10. Inventories:

	2015 (\$'000)	2014 (\$'000)
Raw materials	81,869	61,919
Packaging materials	3,134	3,791
Finished products	5,533	8,788
Maintenance spares	<u>13,271</u>	<u>12,850</u>
	<u><b>103,807</b></u>	<u><b>87,348</b></u>

11. Accounts Receivable and Prepayments:

	2015 (\$'000)	2014 (\$'000)
Loans and receivables	47,954	53,413
Trade receivables	55,767	67,386
Dividends declared but not received	111,441	-
Prepayments	2,455	2,805
Sundry receivables	61,700	13,708
Debenture	<u>8,982</u>	<u>8,982</u>
	<u><b>288,299</b></u>	<u><b>146,294</b></u>

Included in accounts receivable and prepayments is \$7.34 million due from the Government of the Republic of Trinidad and Tobago (GORTT). This amount is as a result of the Company offering discounts to customers to pass on to the public on specific products in December 2014 at the request of the GORTT.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The credit risk exposure for trade receivables at the reporting date by type of counterparty was:

	2015 (\$'000)	2014 (\$'000)
Wholesalers	10,749	14,070
Industrial	9,744	12,569
Export	1,432	3,989
Feed	13,720	12,181
Retailers	19,159	17,656
Other	<u>963</u>	<u>6,921</u>
	<u><b>55,767</b></u>	<u><b>67,386</b></u>

## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2015

11. Accounts Receivable and Prepayments (Continued):

The aging analysis of trade receivables at the reporting date was:

	Gross 2015 (\$'000)	Impairment 2015 (\$'000)	Gross 2014 (\$'000)	Impairment 2014 (\$'000)
Not past due	42,233	-	38,616	-
Past due:				
1-2 months	8,958	-	16,977	-
2-3 months	3,314	-	5,261	-
3-6 months	1,055	-	2,955	-
Over 6 months	<u>22,524</u>	<u>23,317</u>	<u>24,706</u>	<u>21,129</u>
	<u>79,084</u>	<u>23,317</u>	<u>88,515</u>	<u>21,129</u>

The movement in the impairment allowance during the year was as follows:

	2015 (\$'000)	2014 (\$'000)
Balance at 1 April	21,129	20,352
Allowance charged to profit for the year	<u>2,188</u>	<u>777</u>
Balance at 31 March	<u>23,317</u>	<u>21,129</u>



**NATIONAL ENTERPRISES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**12. Cash and Cash Equivalents:**

	2015 (\$'000)	2014 (\$'000) (Restated)
Cash at bank	83,783	72,660
Short-term investments	<u>380,112</u>	<u>513,590</u>
	<u><u>463,895</u></u>	<u><u>586,250</u></u>

**13. Cash Resources:**

	2015 (\$'000)	2014 (\$'000) (Restated)
Cash and cash equivalents	463,895	586,250
Bank overdraft and short-term borrowings (Note 18)	<u>(303,661)</u>	<u>(217,040)</u>
	<u><u>160,234</u></u>	<u><u>369,210</u></u>

**14. Stated Capital:**

	2015 (\$'000)	2014 (\$'000)
<b>Authorised</b>		
Unlimited number of shares of no par value		
<b>Issued and fully paid</b>		
600,000,641 ordinary shares of no par value	<u><u>1,736,632</u></u>	<u><u>1,736,632</u></u>

**15. Investment Remeasurement Reserve:**

In accordance with IAS #39, an investment re-measurement reserve has been created to capture unrealized gains/losses on available-for-sale investments.

## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. **Borrowings:**

	Interest Rate	Maturity Date	2015 (\$'000)	2014 (\$'000)
(i) First Citizens Bank Limited Tranche B	6.18%	January 2015	2,553	7,662
(ii) Republic Bank Limited			101,769	(5,109)
Current portion of long term borrowings			<u>(8,796)</u>	<u>-</u>
Non-current portion of long-term borrowings			<u>95,526</u>	<u>2,553</u>

- (i) The First Citizens Bank Limited loan is secured by a debenture and collateral mortgage, stamped to cover **\$90 million** ranking *pari passu* with the security for the bank overdraft facilities (see Note 13). The tranches are each repayable in semi-annual instalments ending in January 2015.

The RBTT Bank Limited facility is repayable by quarterly instalments of **\$1.5 million**.

- (ii) The represents a loan facility from Republic Bank Limited for the amount of **US\$16,300,000** to assist with share acquisition in the Power Generation Company of Trinidad and Tobago Limited. The loan is repayable over ten (10) years at a rate of 2.829% per annum by principal reductions of **US 1,000,000** for the first three (3) years (2014 -2017) thereafter payable via seven (7) annual payments of **US\$1,900,000** in arrears.

17. **Deferred Taxation:**

	2015 (\$'000)	2014 (\$'000)
Tax losses carried forward	(9,514)	(17,890)
Excess of net book value over written-down tax value	31,759	30,001
Remeasurement of retirement benefit asset	(339)	775
Retirement benefit asset	<u>2,986</u>	<u>3,025</u>
	<u>24,892</u>	<u>15,911</u>

The movement in deferred tax for the year is as follows:

	2015 (\$'000)	2014 (\$'000)
Balance at beginning of year	15,911	8,696
Charge to the Income Statement	9,302	6,440
Recognition in other comprehensive income	<u>(321)</u>	<u>775</u>
Balance at end of year	<u>24,892</u>	<u>15,911</u>

**NATIONAL ENTERPRISES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**18. Bank Overdraft and Short Term Borrowing:**

	<b>2015</b> <b>(\$'000)</b>	<b>2014</b> <b>(\$'000)</b>
Bank overdrafts	-	28,711
Revolving grain	119,477	82,926
Short term loan facility	<u>184,184</u>	<u>105,403</u>
Balance at end of year	<u><b>303,661</b></u>	<u><b>217,040</b></u>

- i) Bank overdraft facilities are provided by Scotiabank Trinidad and Tobago Limited and Citibank (Trinidad and Tobago) Limited. These facilities are secured by a debenture and collateral mortgage, stamped to cover **TT\$90** million each, comprising of a fixed charge over goodwill, land and buildings located at Wrightson road, Port of Spain and a floating charge over all other assets of the Company. This security ranks pari passu with the security for the loans from First Citizens Bank Limited (see **Note 13**). An assignment of industrial all risks insurance with coverage of **US\$57.7** million have also been executed in favour of the banks.
- ii) Revolving grain purchase loans have been provided by the following to finance the importation of grain.

	<b>2015</b> <b>(\$'000)</b>	<b>2014</b> <b>(\$'000)</b>
Export Import Bank of Trinidad and Tobago (Eximbank ) Limited	4,004	5,893
Gavilon LLC	-	3,284
Citibank (Trinidad and Tobago) Limited	<u>14,462</u>	<u>3,780</u>
	<u><b>18,466</b></u>	<u><b>12,957</b></u>
	<b>(\$'000)</b>	<b>(\$'000)</b>
TTD equivalent	<u><b>119,477</b></u>	<u><b>82,926</b></u>

- iii) This represents a short term loan facility from Republic Bank Limited for the amount of **US\$33,500,000** to assist with the joint acquisition of the Pan West Engineers and Contractors, LLC Limited at a rate of 1.4% per annum fixed, payable as at 19 May 2015. NEL recently secured an extension on the payment date to 19 November 2015 with semi annual interest rate resets. The short term loan facility is secured by lien over cash **TTD\$106,000,000** is held on the second Unit Scheme account held with the Trinidad and Tobago Unit Trust Corporation.



## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. Accounts Payable and Accruals:

	2015 (\$'000)	2014 (\$'000)
Trade payables	41,369	6,912
Accruals	<u>2,613</u>	<u>19,428</u>
	<u><b>43,982</b></u>	<u><b>26,340</b></u>

20. Profit Before Taxation:

Profit before taxation is arrived at after charging:

	2015 (\$'000)	2014 (\$'000)
Finance costs	7,385	10,457
Depreciation and amortization	9,863	9,960
Directors' fees	<u>1,564</u>	<u>1,346</u>

21. Taxation:

	2015 (\$'000)	2014 (\$'000)
Current year	(1,769)	(1,690)
Deferred tax	<u>(9,302)</u>	<u>(6,440)</u>
	<u><b>(11,071)</b></u>	<u><b>(8,130)</b></u>

Reconciliation of the effective tax rate to the statutory rate is as follows:

Profit before taxation	<u>501,495</u>	<u>189,993</u>
Tax at statutory rate	(125,374)	(47,498)
Tax effect of expenses/income not deductible for tax purposes	116,054	40,850
Business Levy	(951)	(921)
Green Fund Levy	(800)	(771)
Deferred taxation adjustment	<u>-</u>	<u>210</u>
	<u><b>(11,071)</b></u>	<u><b>(8,130)</b></u>

**NATIONAL ENTERPRISES LIMITED**  
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**22. Earnings Per Share:**

	<b>2015</b> <b>(\$'000)</b>	<b>2014</b> <b>(\$'000)</b>
Profit attributable to equity holders of the Company	<u>480,380</u>	<u>190,312</u>
Weighted average number of ordinary shares in issue ('000)	<u>600,001</u>	<u>600,001</u>
Earnings per share	<u><u>0.80</u></u>	<u><u>0.32</u></u>

**23. Dividends Received from Joint Ventures and Associates:**

	<b>2015</b> <b>(\$'000)</b>	<b>2014</b> <b>(\$'000)</b>
Telecommunications Services of Trinidad and Tobago Limited	-	12,591
Trinidad Nitrogen Co., Limited	97,800	115,055
NGC NGL Company Limited	137,114	123,031
NGC Trinidad and Tobago LNG Limited	73,333	54,337
Pan West Engineers and Constructors, LLC	<u>9,781</u>	<u>-</u>
	<u><u>318,028</u></u>	<u><u>305,014</u></u>

**24. Dividends Paid:**

	<b>2015</b> <b>(\$'000)</b>	<b>2014</b> <b>(\$'000)</b>
2014 final dividend - \$0.23 per share (2013 \$0.53 per share)	138,000	318,000
2015 Interim dividend \$0.23 per share (2014 \$0.23 per share)	<u>138,000</u>	<u>138,000</u>
	<u><u>276,000</u></u>	<u><u>456,000</u></u>

A final dividend in respect of the year ended 31 March 2015 \$0.27 (2014 - \$0.23) has been approved. These financial statements do not reflect this dividend payable.

**25. Contingent Liabilities:**

As at 31st March 2015, the subsidiary National Flour Mills (NFM) had a contingent liability in respect of pending litigation. Based on legal advice, the directors of this subsidiary believe that NFM will be successful in these litigations. However, if defense against the actions is unsuccessful the potential liability for damages and costs amounts to approximately \$1,200,000 (2014: \$330,000).

## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**26. Capital and Lease Commitments:**

During the year 2010, National Flour Mills Limited entered into a finance lease agreement to acquire an automatic silo scale with a lease term of four years. National Flour Mills Limited has the option to purchase the equipment for a nominal amount at the conclusion of the lease agreement.

Finance leases liabilities are payable as follows:

	Future Minimum Lease Payments 2014 (\$'000)	Interest 2014 (\$'000)	Present Value of Minimum Lease Payments 2014 (\$'000)	Future Minimum Lease Payments 2015 (\$'000)	Interest 2015 (\$'000)	Present Value of Minimum Lease Payments 2015 (\$'000)
Less than one year	598	51	547	-	-	-
Between one and five years	-	-	-	-	-	-
	<u>598</u>	<u>51</u>	<u>547</u>	<u>-</u>	<u>-</u>	<u>-</u>

Minimum lease payments under non-cancellable operating leases are as follows:

	2015 (\$'000)	2014 (\$'000)
Less than one year	-	1,064
Between one and five years	-	1,660

**Finance Lease:**

- (a) The Company entered into a leasing facility with the Caribbean Leasing Company Limited for the financing of one (1) automatic Silo Scale Granex MSDT -1400 and two (2) Hyundai H100 Pick – up trucks in 2<sup>nd</sup> September 2009. The finance lease is secured by all risks insurance on the equipment and the trucks which are assigned to the Caribbean Leasing Company Limited. The original amount of the lease was **3,098,525** at 6% per annum over forty eight (48) months, with a monthly instalment of **\$72,906**.
- (b) A leasing facility was granted by Caribbean Leasing Company Limited for the financing of a Scale Tower on 30 September 2010. The finance lease is secured by all risks insurance on the equipment which is assigned to the Caribbean Leasing Company Limited. The lease period is for forty eight (48) months, at 5% per annum, with a monthly instalment of **\$57,927 (\$66,616 VAT inclusive)**.



## NATIONAL ENTERPRISES LIMITED

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27. Related Party Transactions:

	2015 (\$'000)	2014 (\$'000)
Key management compensation:		
Salaries and other short-term benefits	7,879	4,695
Termination benefits	<u>555</u>	<u>467</u>
	<u><b>8,434</b></u>	<u><b>5,162</b></u>

28. Principal Business Activities:

The principal business activities of the subsidiary and other investee companies are:

Investment	Incorporated	Activity	% Interest
<b>Subsidiary</b>			
National Flour Mills Limited	Trinidad and Tobago	Food processing	51.00%
NEL Power Holdings Limited	Delaware, USA	Investment	100.00%
<b>Joint Ventures</b>			
Telecommunications Services of Trinidad and Tobago Limited	Trinidad and Tobago	Telecommunications provider	51.00%
Trinidad Nitrogen Co., Limited	Trinidad and Tobago	Manufacturer of ammonia	51.00%
Pan West Engineers and Contractors, LLC	Delaware, USA	Investment	33.33%
<b>Associates</b>			
NGC NGL Company Limited	Trinidad and Tobago	Investment holding company	20.00%
NGC Trinidad and Tobago LNG Limited	Trinidad and Tobago	Investment holding company	37.84%

**NATIONAL ENTERPRISES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**29. Operating Segments:**

National Flour Mills Limited has two reportable segments, as described below, which are the subsidiary's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the subsidiary's Chief Executive Officer (CEO) reviews internal management reports monthly. The following summary describes the operations in each of the subsidiary's reportable segments:

- Foodstuff. Includes manufacturing and distributing flour, flour by products and Rice.
- Animal feed. Includes manufacturing and distribution of feed products for animals

Other operations include the purchase and sale of imported dry goods, as well as imported corn and soya bean meal.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by the National Flour Mills Limited's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Financial information regarding assets and liabilities by operating segment is not reported on a regular basis to National Flour Mills Limited's CEO.

	<u>Food stuff</u>		<u>Animal Feeds</u>		<u>Other</u>		<u>Total</u>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
External Revenue	308,526	312,223	128,215	118,178	33,575	27,496	470,316	457,897
Depreciation and amortisation	3,408	7,311	980	2,086	280	552	4,668	9,949
Gross profit	62,616	58,398	26,021	22,104	6,814	5,143	95,451	85,645

## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30. Maturity of Financial Liabilities:

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount (\$'000)	Contractual Cash Flow (\$'000)	6 Months or less (\$'000)	6-12 Months (\$'000)	1-2 Years (\$'000)	2-5 Years (\$'000)
<b>31 March 2015</b>						
Secured bank loans	104,322	104,332	104,332	-	-	-
Other secured advances	303,661	303,661	303,661	-	-	-
Trade and other payables	43,982	<u>43,982</u>	<u>43,982</u>	-	-	-
		<u>451,975</u>	<u>451,975</u>	-	-	-
<b>31 March 2014</b>						
Secured bank loans	7,663	8,138	2,793	2,711	2,634	-
Other secured advances	188,329	188,754	188,754	-	-	-
Finance lease liability	546	597	400	197	-	-
Trade and other payables	26,340	26,340	26,340	-	-	-
Bank overdraft	28,711	<u>28,711</u>	<u>28,711</u>	-	-	-
		<u>252,540</u>	<u>346,998</u>	<u>2,908</u>	<u>2,634</u>	-



## NATIONAL ENTERPRISES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**31. Restatement:**

The Consolidated Financial Statements have been re-stated for the effects of the following:

	As previously reported (\$'000)	Accruals (\$'000)	As Restated (\$'000)
<b>Statement of Financial Position</b>			
<b>March 31, 2014</b>			
Accounts payable and accruals	(36,405)	(1,350)	(37,755)
Retirement benefit asset	(26,418)	1,350	(25,068)
<b>March 31, 2015</b>			
Accounts payable and accruals	(23,637)	(1,885)	(25,492)
Retained earnings	(37,999)	1,855	(36,144)
<b>Statement of Comprehensive Income</b>			
<b>March 31, 2015</b>			
Cost of sales	(371,848)	(404)	(372,252)
Administration expenses	(29,155)	(101)	(29,256)
Profit for the year	18,870	(505)	18,365

During the year, the management of National Flour Mills Limited identified an error in misstatement in the Statement of Comprehensive Income of that company, that resulted from the omission of recording obligations under the employee share ownership plan for the years 2009 to 2013. In accordance with IAS 8, management has decided to restate the Statement of Comprehensive Income for 2012 in order to correct the omission. The decision was taken to restate the financial statements in the prior year 2014.

Additionally, a restatement was made to the fixed assets at National Flour Mills Limited, resulting in a **\$10,751,000** increase in the net book value for 2014.