



Chartered Accountants
& Business Advisors

**LAKE ASPHALT OF TRINIDAD AND TOBAGO
(1978) LIMITED**

UNCONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2015

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(1978) LIMITED**

UNCONSOLIDATED FINANCIAL STATEMENTS

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Lake Asphalt

Lake Asphalt of Trinidad and Tobago (1978) Limited

Brighton, La Brea. Trinidad & Tobago. WI T:868.648.7572 / 8521 F: 868.648.7433 www.trinidadlakeasphalt.com

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of Lake Asphalt of Trinidad and Tobago (1978) Limited, which comprise the statement of financial position as at 30 September 2015, the statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the company keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management 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.

Roger Wiggins
Chief Executive Officer

12th March 2021

Ayana Bertrand
Manager, Finance

12th March 2021



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Shareholder Lake Asphalt of Trinidad and Tobago (1978) Limited

We have audited the accompanying unconsolidated financial statements of Lake Asphalt of Trinidad and Tobago (1978) Limited, which comprise the unconsolidated statement of financial position as at 30 September 2015, the unconsolidated statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these unconsolidated 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 unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements present fairly, in all material respects, the financial position of Lake Asphalt of Trinidad and Tobago (1978) Limited as of 30 September 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

**Barataria
12 March 2021**

Telephone: (868) 235-5063
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Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Partners: Renée-Lisa Philip Mark K. Superville

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>		30 September	
	<u>Notes</u>	<u>2015</u> (\$)	<u>2014</u> (\$)
Current Assets:			
Cash in hand and at bank	5	279,341,108	199,198,564
Short term investments	6	11,851,259	11,843,937
Accounts receivable and prepayments	7	1,510,807	23,805,372
Inventories	8	17,152,886	13,716,769
Total Current Assets		309,856,060	248,564,642
Non-Current Assets:			
Investment in subsidiary	9	80	80
Fixed assets	10	89,620,111	88,451,847
Total Non-Current Assets		89,620,191	88,451,927
Total Assets		399,476,251	337,016,569
<u>LIABILITIES AND SHAREHOLDER'S EQUITY</u>			
Current Liabilities:			
Accounts payable and accruals	11	84,678,337	94,491,505
Corporation tax payable		17,878,349	10,731,243
Total Current Liabilities		102,556,686	105,222,748
Non-Current Liabilities:			
Retirement benefit liability	12	30,858,400	25,685,300
Deferred taxation	13	4,033,327	305,317
Total Non-Current Liabilities		34,891,727	25,990,617
Total Liabilities		137,448,413	131,213,365
Shareholder's Equity:			
Stated capital	14	54,848,799	59,517,439
Revaluation reserve	15	33,261,760	33,261,760
Investment re-measurement reserve	16	(47,407)	130,767
Retained earnings		173,964,686	112,893,238
Total Shareholder's Equity		262,027,838	205,803,204
Total Liabilities and Shareholder's Equity		399,476,251	337,016,569

These unconsolidated financial statements have been authorized by the Board of Directors for issue on 12 March 2021 and signed on their behalf by:

Director: _____

Director: _____

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

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 30 September	
	<u>Notes</u>	<u>2015</u> (\$)	<u>2014</u> (\$)
Revenue	21	263,010,654	319,052,872
Cost of Sales		<u>(155,747,088)</u>	<u>(248,310,394)</u>
Gross Profit		107,263,566	70,742,478
Gain on foreign exchange		5,983	-
Other Operating Income		<u>43,179,299</u>	<u>983,203</u>
		<u>150,448,848</u>	<u>71,725,681</u>
Expenses:			
Administrative	22	46,169,252	35,735,302
Operating	23	50,490,228	45,863,560
Marketing	24	<u>2,272,616</u>	<u>2,200,260</u>
		<u>98,932,096</u>	<u>83,799,122</u>
Operating profit/(loss)	25	51,516,752	(12,073,441)
Finance charges	27	<u>(48,804)</u>	<u>(557,824)</u>
Profit/(loss) before taxation		51,467,948	(12,631,265)
Taxation	28	<u>(14,100,778)</u>	<u>2,848,388</u>
Net profit/(loss) for the year		37,367,170	(9,782,877)
Other Comprehensive Income:			
<u>Item that may be reclassified subsequent to profit or loss:</u>			
Unrealised (loss)/gain on available-for-sale investments		(178,174)	7,121
<u>Item that will not be reclassified subsequent to profit or loss:</u>			
Net actuarial loss on retirement benefit liability		(2,609,100)	(5,609,500)
Deferred tax on other comprehensive income		<u>782,730</u>	<u>1,682,850</u>
Total Comprehensive Income/(Loss) for the year		<u><u>35,362,626</u></u>	<u><u>(13,702,406)</u></u>

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

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Stated Capital (\$)	Revaluation Reserve (\$)	Investment Re-measurement Reserve (\$)	Retained Earnings (\$)	Total (\$)
Balance as at 1 October 2013	73,523,358	33,261,760	123,646	126,602,765	233,511,529
Redemption of preference shares	(14,005,919)	-	-	-	(14,005,919)
Total comprehensive loss	-	-	7,121	(13,709,527)	(13,702,406)
Balance as at 30 September 2014	<u>59,517,439</u>	<u>33,261,760</u>	<u>130,767</u>	<u>112,893,238</u>	<u>205,803,204</u>
Balance as at 1 October 2014	59,517,439	33,261,760	130,767	112,893,238	205,803,204
Prior year adjustment (Note 20)	-	-	-	25,530,648	25,530,648
Revised balance as at 1 October 2014	59,517,439	33,261,760	130,767	138,423,886	231,333,852
Redemption of preference shares	(4,668,640)	-	-	-	(4,668,640)
Total comprehensive income	-	-	(178,174)	35,540,800	35,362,626
Balance as at 30 September 2015	<u>54,848,799</u>	<u>33,261,760</u>	<u>(47,407)</u>	<u>173,964,686</u>	<u>262,027,838</u>

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

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED

UNCONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
<u>OPERATING ACTIVITIES</u>		
Profit/(loss) before taxation	51,467,948	(12,631,265)
Adjustments to reconcile income before taxation to net cash provided by operating activities:		
Prior year adjustment	25,530,648	86,521,984
Bad debt expense	16,955,382	-
Depreciation	2,986,372	2,730,123
Unrealised gain on available-for-sale investments	(178,174)	7,121
Retirement benefit surplus	<u>5,036,800</u>	<u>4,810,800</u>
	101,798,976	81,438,763
Net change in operating assets and liabilities (Note 29)	(7,910,102)	(120,368,684)
Taxes paid	(2,442,932)	(2,444,621)
Retirement benefit paid	<u>(2,472,800)</u>	<u>(8,093,000)</u>
Cash provided by/(used in) operating activities	<u>88,973,142</u>	<u>(49,467,542)</u>
<u>INVESTING ACTIVITIES</u>		
Net change in fixed assets	<u>(4,154,636)</u>	<u>(3,023,743)</u>
Cash used in investing activities	<u>(4,154,636)</u>	<u>(3,023,743)</u>
<u>FINANCING ACTIVITIES</u>		
Repayment of 5% preference shares	(4,668,640)	(14,005,919)
Repayment of loans	<u>-</u>	<u>(8,129,968)</u>
Cash used in finance activities	<u>(4,668,640)</u>	<u>(22,135,887)</u>
Net change in cash resources	80,149,866	(74,627,172)
Cash resources, beginning of year	<u>211,042,501</u>	<u>285,669,673</u>
Cash and cash equivalents, end of year	<u>291,192,367</u>	<u>211,042,501</u>
Represented by:		
Cash in hand and at bank	279,341,108	199,198,564
Short-term investments	<u>11,851,259</u>	<u>11,843,937</u>
	<u>291,192,367</u>	<u>211,042,501</u>

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

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2015

1. Incorporation and Principal Activities:

The company is incorporated in the Republic of Trinidad and Tobago and continued under the provisions of The Companies Act, 1995, on 27 July 1999. Its principal activities are mining, processing and selling asphalt and related products. The registered office of the company is Lamp Post 4717, Brighton, La Brea.

The company has access to the Pitch Lake via a non-exclusive lease agreement with the Government of the Republic of Trinidad and Tobago – its sole shareholder.

The company has a fully owned subsidiary, Trinidad Asphalt Corporation of America, which was incorporated under the laws of the United States of America. The financial statements of Trinidad Asphalt Corporation of America (TACA) have not been consolidated into these unconsolidated financial statements.

2. Summary of Significant Accounting Policies:

(a) Basis of financial statements preparation -

These unconsolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars, rounded to the nearest dollar. These unconsolidated financial statements are stated on the historical cost basis, except for the measurement at fair value of certain financial instruments.

(b) Use of estimates -

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2015

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 or are effective but do not apply to the activities of the company, do not have a material impact on its financial statements or have not been early adopted:

Effective for accounting periods beginning on or after 1 January 2015

IFRS 7 Financial Instruments: Disclosures - Mandatory effective date and transition disclosures

Effective for accounting periods beginning on or after 1 January 2016

IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations - Amendments regarding changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts and applicability to condense interim financial statements

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of consolidation exception

IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation

IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception

IFRS 14 Regulatory Deferral Accounts

IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative

IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2015

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

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

- IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16
- IAS 19 Employee Benefits: Disclosures - Amendments regarding discount rate: regional market issue
- 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
- IAS 28 Investment in Associates - Amendments regarding the sale or contribution of assets between investor and its associate or joint venture
- IAS 28 Investment in Associates - Amendments regarding the application of consolidation exception
- IAS 34 Interim Financial Reporting - Amendments regarding disclosure of information "elsewhere in the interim financial report"
- IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation
- IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16

Effective for accounting periods beginning on or after 1 January 2017

- IFRS 15 Revenue from Contracts with Customers
- IAS 7 Statement of Cash Flows - Amendments resulting from disclosure initiative
- IAS 12 Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses

Effective for accounting periods beginning on or after 1 January 2018

- IFRS 9 Financial Instruments

Effective for accounting periods beginning on or after 1 January 2019.

- IFRS 16 Leases

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2015

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

(d) Investments -

The company's investments are classified as available-for-sale.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as "available-for-sale" in accordance with International Accounting Standard (IAS) 39 – Financial Instruments: Recognition and Measurement.

These investments are carried at their fair values. Realised and unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included in the Unconsolidated Statement of Comprehensive Income in the period they arise.

(e) Inventories -

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the average costing method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Spares are valued at average cost. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(f) Fixed assets -

All fixed assets are initially recorded at cost. Motor vehicles are stated at historical cost less depreciation. All other fixed assets are subsequently shown at market value, based on valuations by external independent valuers, less their subsequent depreciation. Depreciation is provided using the reducing balance method.

The following rates are considered appropriate to write-off the assets over their estimated useful lives are applied:

Buildings and structures	2.0%
Plant and machinery	2.5%
Office furniture and equipment	20.0%
Motor vehicles	20.0%

Land is not depreciated as it is deemed to have indefinite life.

Capital work-in-progress is not depreciated until completed and in use, in the manner intended by management.

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2015

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

f) Fixed assets (cont'd) -

Repairs and maintenance costs are charged to the Unconsolidated Statement of Comprehensive Income when expenditure is incurred.

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

Gains and losses on disposals are recognised in the Unconsolidated Statement of Comprehensive Income and are determined by comparing the proceeds with the carrying amount. Upon disposal of revalued assets, amounts in revaluation and other reserves relating to that asset are transferred to retained earnings.

The revaluation of the company's fixed assets was done by Raymond and Pierre Limited as at 30 September 2008. This resulted in a **\$21,219,898** increase in the revaluation reserve.

(g) Investment in subsidiary -

Investment in subsidiary is stated at cost less any provision for diminution considered to be permanent.

(h) Pension obligation -

The company operates a defined benefit 'final salary' pension plan for eligible employees. Fund managers appointed by the trustees of the plan administer the funds of the plan. The pension plan is generally funded by payments from employees and the company, taking account of the recommendations of independent qualified actuaries.

The asset recognized in the Unconsolidated Statement of Financial Position in respect of the defined benefit pension plan is the fair value of the plan's assets less the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives. Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in the service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2015

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

(i) Financial instruments -

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

Financial assets and financial liabilities are recognised in the company's Unconsolidated Statement of Financial Position, when the company becomes a party to the contractual provisions of the instrument.

Financial assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, which is the date on which the company commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

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

Impairment of financial assets

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

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

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

- i) Significant financial difficulty of the issuer or obligor.
- ii) A breach of contract, such as default or delinquency in interest or principal payments.
- iii) It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2015

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

(i) Financial instruments (cont'd) -

Impairment of financial assets (cont'd)

- iv) The disappearance of an active market for that financial asset because of financial difficulties.
- v) Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the company or national or economic conditions that correlate with defaults on assets in the company.

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

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

i) Financial assets measured at amortised cost

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

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

ii) Financial assets measured at cost

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

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2015

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

(i) Financial instruments (cont'd) -

Financial liabilities

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

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

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost. Their costs approximate market value.

Trade receivable

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Non-current trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Bank loans

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

Stated capital

The company's shares are classified as equity.

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2015

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

(j) Leases -

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Unconsolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(k) Taxation -

Current tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred income tax is provided in full, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the enacted tax rate at the reporting date. Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

(l) Income recognition -

The company derives its income from the mining, processing and selling of asphalt and related products. Income is recognised to the extent that is probable that the economic benefits will flow to the company and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognized:

Product sales

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Sales are recorded and presented net of value-added-tax and incentives. The company recognises revenue when the amount of revenue and related cost can be reliably measured.

Investment income

Income from investments is accounted for on the accruals basis, consistent with IAS 18 - Revenue.

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2015

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

(m) Foreign currency -

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the reporting date. All revenue and expenditure transactions denominated in foreign currencies are translated at the average rate and the resulting profits and losses on exchange from these trading activities are recorded in the Unconsolidated Statement of Comprehensive Income.

(n) 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.

(o) Comparative figures -

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

3. Financial Risk Management:

	2015	
	Carrying	Fair
	Value	Value
	(\$)	(\$)
Financial Assets		
Cash in hand and at bank	279,341,108	279,341,108
Short-term investments	11,851,259	11,851,259
Accounts receivable and prepayments	1,510,807	1,510,807
Investment in associate	80	80
Financial Liabilities		
Accounts payable and accruals	84,678,337	84,678,337

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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3. Financial Risk Management (Cont'd):

	2014	
	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>
	(\$)	(\$)
Financial Assets		
Cash in hand and at bank	199,198,564	199,198,564
Short-term investments	11,843,937	11,843,937
Accounts receivable and prepayments	23,805,372	23,805,372
Investment in associate	80	80
Financial Liabilities		
Accounts payable and accruals	94,491,505	94,491,505

Financial risk factors

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

(a) Interest rate risk -

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

The company is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities.

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

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
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3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd)

Interest rate sensitivity analysis

The company'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					
	<u>Effective Rate</u> <u>(\$)</u>	<u>Up to 1 year</u> <u>(\$)</u>	<u>1 to 5 years</u> <u>(\$)</u>	<u>Over 5 years</u> <u>(\$)</u>	<u>Non-Interest Bearing</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Financial Assets						
Cash in hand and at bank	0 - 0.05%	279,341,108	-	-	8,000	279,341,108
Short-term investments	0.2 - 1%	11,851,259	-	-	-	11,851,259
Accounts receivable and prepayments	0.00%	-	-	-	1,510,807	1,510,807
Investment in associate	0.00%	-	-	-	80	80
Financial Liabilities						
Accounts payable and accruals	0.00%	-	-	-	84,678,337	84,678,337

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd)

Interest rate sensitivity analysis (cont'd)

	2014					
	<u>Effective Rate</u> (\$)	<u>Up to 1 year</u> (\$)	<u>1 to 5 years</u> (\$)	<u>Over 5 years</u> (\$)	<u>Non-Interest Bearing</u> (\$)	<u>Total</u> (\$)
Financial Assets						
Cash in hand and at bank	0.01%	199,190,564	-	-	8,000	199,198,564
Short-term investments	0.25 – 1.3%	11,843,937	-	-	-	11,843,937
Accounts receivable and prepayments	0.00%	-	-	-	23,805,372	23,805,372
Investment in associate	0.00%	-	-	-	80	80
Financial Liabilities						
Accounts payable and accruals	0.00	-	-	-	94,491,505	94,491,505

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd)

(b) Credit risk -

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The company relies heavily on 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 involve in the granting of credit; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

The company's debtors' portfolio is managed and consistently monitored by the company's management and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts.

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

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

(c) Liquidity risk -

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

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

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd)

(c) 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 new and renewed members' deposits and shares.

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

ii) Liquidity gap

The company's exposure 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			
	<u>Up to</u>	<u>1 to</u>	<u>Over</u>	<u>Total</u>
	<u>1 year</u>	<u>5 years</u>	<u>5 years</u>	<u>Total</u>
	(\$)	(\$)	(\$)	(\$)
Financial Assets				
Cash in hand and at bank	279,341,108	-	-	279,341,108
Short-term investments	11,851,259	-	-	11,851,259
Accounts receivable and prepayments	1,510,807	-	-	1,510,807
Investment in subsidiary	-	-	80	80
Financial Liabilities				
Accounts payable and accruals	84,678,337	-	-	84,678,337

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

	2014			
	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	(\$)	(\$)	(\$)	(\$)
Financial Assets				
Cash in hand and at bank	199,198,564	-	-	199,198,564
Short-term investments	11,843,937	-	-	11,843,937
Trade and other receivables	23,805,372	-	-	23,805,372
Investment in subsidiary	-	-	80	80
Financial Liabilities				
Accounts payable and accruals	94,491,505	-	-	94,491,505

(d) Currency risk -

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

(e) Operational risk -

Operational risk is the risk derived from deficiencies relating to the company's information technology and control systems, as well as the risk of human error and natural disasters. The company's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error.

(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 strong monitoring controls applied by the company's management.

(g) Reputation risk -

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

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2015

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

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

Changes in accounting estimates are recognised in the Unconsolidated 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 unconsolidated 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.

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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5. Cash in Hand and at Bank:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Petty Cash	8,000	8,000
Republic Bank Limited	276,569,425	195,200,986
RBC Royal Bank (Trinidad and Tobago) Limited	<u>2,763,683</u>	<u>3,989,578</u>
	<u><u>279,341,108</u></u>	<u><u>199,198,564</u></u>

6. Short-Term Investments:

These investments are considered Available-for-Sale.

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Republic Bank Limited - Money Market Fund	3,289,853	3,262,037
Scotiabank Trinidad and Tobago Limited		
- Certificate of Deposit	8,517	8,495
Roytrin Mutual Funds	3,674,499	3,739,310
Trinidad and Tobago Unit Trust Corporation -		
Income Fund	<u>4,878,390</u>	<u>4,834,095</u>
	<u><u>11,851,259</u></u>	<u><u>11,843,937</u></u>

7. Accounts Receivable and Prepayments:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
a) Trade receivables	18,466,189	23,805,372
Less: Provision for doubtful debts	<u>(16,955,382)</u>	<u>-</u>
	<u><u>1,510,807</u></u>	<u><u>23,805,372</u></u>

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2015

7. Accounts Receivable and Prepayments (Cont'd):

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
b) Provision for Doubtful Debts		
Balance, beginning of year	-	2,190,950
Current period provision	<u>16,955,382</u>	<u>(2,190,950)</u>
Balance, end of year	<u><u>16,955,382</u></u>	<u><u>-</u></u>

8. Inventories:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Spares	652,449	605,347
Finished goods	830,475	6,725,083
Raw materials	<u>15,669,962</u>	<u>6,386,339</u>
	<u><u>17,152,886</u></u>	<u><u>13,716,769</u></u>

9. Investment in Subsidiary:

This balance represents an investment in Trinidad Asphalt Corporation of America.

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
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30 SEPTEMBER 2015

10. Fixed Assets:

	<u>Freehold Land</u> (\$)	<u>Building, Structures and Plant and Machinery</u> (\$)	<u>Office Furniture and Equipment</u> (\$)	<u>Motor Vehicles</u> (\$)	<u>Total</u> (\$)
Cost/Valuation					
Balance as at 1 October 2014	7,210,000	96,235,161	15,455,457	3,370,202	122,270,820
Additions	-	3,947,418	207,218	-	4,154,636
Reclassifications	-	(1,418,960)	1,418,960	-	-
Balance as at 30 September 2015	<u>7,210,000</u>	<u>98,763,619</u>	<u>17,081,635</u>	<u>3,370,202</u>	<u>126,425,456</u>
Accumulated Depreciation					
Balance as at 1 October 2014	-	19,673,776	11,690,776	2,454,421	33,818,973
Charge for the year	-	<u>1,725,044</u>	<u>1,078,172</u>	<u>183,156</u>	<u>2,986,372</u>
Balance as at 30 September 2015	-	<u>21,398,820</u>	<u>12,768,948</u>	<u>2,637,577</u>	<u>36,805,345</u>
Net Book Value					
Balance as at 30 September 2015	<u>7,210,000</u>	<u>77,364,799</u>	<u>4,312,687</u>	<u>732,625</u>	<u>89,620,111</u>
Balance as at 30 September 2014	<u>7,210,000</u>	<u>76,561,385</u>	<u>3,764,681</u>	<u>915,781</u>	<u>88,451,847</u>

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2015

10. Fixed Assets (Cont'd):

	<u>Freehold Land</u> (\$)	<u>Building, Structures and Plant and Machinery</u> (\$)	<u>Office Furniture and Equipment</u> (\$)	<u>Motor Vehicles</u> (\$)	<u>Capital Work-in- Progress</u> (\$)	<u>Total</u> (\$)
Cost/Valuation						
Balance as at 1 October 2013	7,210,000	94,481,148	14,645,069	2,885,860	25,000	119,247,077
Additions	-	2,928,173	810,388	-	-	3,738,561
Reclassifications	-	(1,174,160)	-	484,342	(25,000)	(714,818)
Balance as at 30 September 2014	<u>7,210,000</u>	<u>96,235,161</u>	<u>15,455,457</u>	<u>3,370,202</u>	<u>-</u>	<u>122,270,820</u>
Accumulated Depreciation						
Balance as at 1 October 2013	-	18,113,770	10,749,606	2,225,474	-	31,088,850
Charge for the year	-	<u>1,560,006</u>	<u>941,170</u>	<u>228,947</u>	-	<u>2,730,123</u>
Balance as at 30 September 2014	-	<u>19,673,776</u>	<u>11,690,776</u>	<u>2,454,421</u>	-	<u>33,818,973</u>
Net Book Value						
Balance as at 30 September 2014	<u>7,210,000</u>	<u>76,561,385</u>	<u>3,764,681</u>	<u>915,781</u>	<u>-</u>	<u>88,451,847</u>
Balance as at 30 September 2013	<u>7,210,000</u>	<u>76,367,378</u>	<u>3,895,463</u>	<u>660,386</u>	<u>25,000</u>	<u>88,158,227</u>

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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11. Accounts Payable and Accruals:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Trade payables	4,348,300	21,065,837
Accruals	13,741,954	13,197,463
Green Fund Levy payable	18,852	24,347
Value-Added-Tax payable	59,009,781	54,231,129
Accrued vacation leave	4,141,053	4,131,532
Other payables	<u>3,418,397</u>	<u>1,841,197</u>
	<u>84,678,337</u>	<u>94,491,505</u>

12. Retirement Benefit Liability:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
(a) Movement in Present Value of Defined Benefit Obligations		
Defined benefit obligations at start	74,688,200	68,266,700
Current service cost	3,475,900	3,515,900
Interest cost	3,755,800	3,422,000
Members' contributions	1,028,500	928,600
Benefits paid	(3,637,100)	(4,090,200)
Re-measurements:		
- Experience adjustments	2,042,700	2,645,200
- Actuarial losses from changes in financial assumptions	<u>-</u>	<u>-</u>
Defined Benefit Obligation at end	<u>81,354,000</u>	<u>74,688,200</u>

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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12. Retirement Benefit Liability (Cont'd):

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
(b) Movement in Present Value of Plan Assets		
Plan assets at start of year	49,002,900	44,908,700
Interest income	2,440,700	2,361,400
Return on plan assets, excluding interest income	(566,400)	(2,964,300)
Employers contributions	2,472,800	8,093,000
Members contributions	1,028,500	928,600
Benefits paid	(3,637,100)	(4,090,200)
Expense allowance	<u>(245,800)</u>	<u>(234,300)</u>
Plan Assets at end of year	<u>50,495,600</u>	<u>49,002,900</u>
(c) Net Liability in Statement of Financial Position		
Defined benefit obligation	(81,354,000)	(74,688,200)
Fair value of assets	<u>50,495,600</u>	<u>49,002,900</u>
Net Defined Benefit Liability	<u>(30,858,400)</u>	<u>(25,685,300)</u>
(d) Expense recognized in the Statement of Income		
Current service cost	3,475,900	3,515,900
Net interest on Net Defined Benefit Liability	1,315,100	1,060,600
Expense allowance	<u>245,800</u>	<u>234,300</u>
Net Pension Cost	<u>5,036,800</u>	<u>4,810,800</u>
(e) Re-measurement recognized in Other Comprehensive Income		
Experience losses	<u>2,609,100</u>	<u>5,609,500</u>

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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12. Retirement Benefit Liability (Cont'd):

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
(f) Reconciliation of Opening and Closing Statement of Financial Position entries		
Opening defined benefit liability	(25,685,300)	(23,358,000)
Net pension cost	(5,036,800)	(4,810,800)
Re-measurement recognized in Other Comprehensive Income	(2,609,100)	(5,609,500)
Employer's contributions paid	<u>2,472,800</u>	<u>8,093,000</u>
Closing Defined Benefit Liability	<u>(30,858,400)</u>	<u>(25,685,300)</u>
(g) Asset Allocation		
Deposit administration contract	30,350,100	25,502,600
Annuity policies	<u>20,145,500</u>	<u>19,500,300</u>
Fair Value of Plan Assets at end of year	<u>50,495,600</u>	<u>49,002,900</u>

The value of the deposit administration contract at each year-end was provided by the Plan's Trustees, CLICO and Pan America Life. The value of the Plan's annuity policies has been estimated using the same assumptions used to calculate the defined benefit obligation. The value of all assets of the Staff Plan is reliant on CLICO's financial strength.

The Plan's assets are invested in a strategy with the Plan's Trustees which is largely driven by statutory constraints and asset availability. There are no asset-liability matching strategies used by the Plans other than the decision to purchase immediate annuity policies to match some pensions in payment.

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12. Retirement Benefit Liability (Cont'd):

(h) Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumption used. The following table summaries how the defined benefit obligation would have changed as a result of a change in the assumptions used:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
1% pa increase in the discount rate	(10,141,400)	(9,311,900)
1% pa decrease in the discount rate	12,582,000	11,552,600
1% pa increase in the assumed rate of future earnings increases	4,258,300	3,907,900
1% pa decrease in the assumed rate of future earnings increases	(3,722,500)	(3,416,400)
An increase of 1 year in the assumed life expectancies	2,210,500	2,028,600

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

(i) Funding

The employer meets the balance of the cost of funding the defined benefits and the employer must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plans and the assumptions used to determine the funding required may differ from those set out below. The employer expects to pay the following contributions during the next financial year:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Expected employer's contributions in next financial year	<u>12,831,600</u>	<u>2,472,800</u>

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30 SEPTEMBER 2015

12. Retirement Benefit Liability (Cont'd):

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
(j) Summary of Principal Assumptions		
Discount rate	5.00%	5.00%
Earnings inflation	3.00 %	3.00 %
Promotional earnings increases	0.00% - 1.00%	0.00% - 1.00%
Average earnings increases	3.00% - 4.00%	3.00% - 4.00%
Pension increases	0.00%	0.00%

13. Deferred Taxation:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Balance at beginning of the year	(305,317)	(5,476,274)
Effect on Statement of Total Comprehensive Income:		
Profit or loss	(4,510,740)	3,488,107
Other comprehensive income	<u>782,730</u>	<u>1,682,850</u>
Balance at end of the year	<u>(4,033,327)</u>	<u>(305,317)</u>
Deferred taxation is attributable to the following items:		
Excess of net book value over written-down tax value	(13,290,847)	(12,446,290)
Retirement Benefit Asset	9,257,520	7,705,590
Tax losses carried forward	<u>-</u>	<u>4,435,383</u>
	<u>(4,033,327)</u>	<u>(305,317)</u>

LAKE ASPHALT OF TRINIDAD AND TOBAGO (1978) LIMITED
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14. Stated Capital:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Authorised		
150,000,000 ordinary shares of no par value		
Issued and fully paid		
26,836,962 ordinary shares of no par value	26,836,962	26,836,962
28,011,837 non-cumulative redeemable preference shares	<u>28,011,837</u>	<u>32,680,477</u>
	<u>54,848,799</u>	<u>59,517,439</u>

The 5% non-cumulative the preference shares were issued on March 2002 to Petroleum Company of Trinidad and Tobago Limited. These shares are redeemable ten (10) years after the date of issue in equal semi-annual payments (March and September) over a further ten-year period. Two (2) semi-annual payments totaling **\$4,668,640** were made in 2015 representing amount due for the year 2015.

15. Revaluation Reserve:

This represents unrealised profits resulting from the difference between the market value and the book value of properties subjected to professional valuation.

16. Investment Re-measurement Reserve:

In accordance with IAS 39 – Financial Instruments: Recognition and Measurement, the Board of Directors has created an investment re-measurement reserve which includes unrealised gains/losses on available-for-sale investments.

17. 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.

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17. Related Party Transactions (Cont'd):

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

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Assets		
Investment in subsidiary	<u>80</u>	<u>80</u>
Key management compensation		
Short-term benefits	<u>2,946,805</u>	<u>3,056,485</u>

18. Fair Values:

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

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

19. 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 shareholders. The company's overall strategy remains unchanged from previous years.

The capital structure of the company consists of equity attributable to shareholders, and comprises stated capital, revaluation reserve and accumulated deficit.

20. Prior Period Adjustment:

The amount of **\$25,530,648** relates to adjustments made in the Company's financial statements to correct omissions and errors from previous years. These include differences observed on the opening balances for accounts payable and retained earnings.

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21. Revenue:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Dried Asphalt	23,238,354	48,257,333
Asphalt Cement	50,317,421	40,713,003
Bitumen Emulsions	189,202,996	229,737,417
Lasco Products	<u>251,883</u>	<u>345,119</u>
	<u>263,010,654</u>	<u>319,052,872</u>

22. Administrative Expenses:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Professional services	1,483,556	1,112,020
Salaries and wages	<u>44,685,696</u>	<u>34,623,282</u>
	<u>46,169,252</u>	<u>35,735,302</u>

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23. Operating Expenses:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Amenities	825,415	883,008
Bad debt expense	16,955,382	-
Clothing and safety	467,034	493,339
Contracts	5,191,322	7,885,447
Contributions and donations	1,970,175	1,571,464
Depreciation	2,986,372	2,730,123
Directors' fees	549,000	567,000
Fuel and power	2,155,777	1,780,383
Green Fund Levy	265,971	320,158
Insurance	(81,588)	2,242,136
Loss on foreign exchange	-	8,871
Medical supplies	3,949	38,552
Membership and subscriptions	137,369	54,801
Miscellaneous	343,640	16,042,224
Other materials and supplies	14,382,941	7,006,740
Provision	326,396	164,774
Radio, fax and communication	1,977,564	2,275,690
Rentals	861,696	1,304,084
Repairs and maintenance	2,000	3,270
Taxes and license	839,279	296,352
Telephone	330,534	195,144
Training		
	<u>50,490,228</u>	<u>45,863,560</u>

24. Marketing Expenses:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Business travel	841,573	446,892
Freight and marine insurance	110,961	-
Sales promotion	464,849	232,191
Shipping	855,233	1,521,177
	<u>2,272,616</u>	<u>2,200,260</u>

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25. Operating Profit/(Loss):

The following items have been charged in arriving at operating loss profit:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Staff costs (Note 26)	51,524,448	47,752,199
Depreciation	2,986,372	2,730,123
Directors' fees	549,000	567,000

26. Staff Costs:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Salaries and wages	33,786,766	33,744,769
Pension costs	11,848,526	5,171,810
Other benefits	3,504,446	6,230,556
National insurance	<u>2,384,710</u>	<u>2,605,064</u>
	<u>51,524,448</u>	<u>47,752,199</u>

27. Finance Charges:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Bank charges	38,770	41,266
Interest expense	<u>10,034</u>	<u>516,558</u>
	<u>48,804</u>	<u>557,824</u>

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28. Taxation:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Corporation Tax	(9,590,038)	-
Business Levy	-	(639,719)
Deferred Taxation	<u>(4,510,740)</u>	<u>3,488,107</u>
	<u>(14,100,778)</u>	<u>2,848,388</u>
Profit/(loss) before taxation	<u>51,467,948</u>	<u>(12,631,265)</u>
Tax calculated at 30%	(15,440,385)	3,157,816
Income not subject to tax	50,363	44,131
Business Levy	-	(639,719)
Expenses not deductible for tax purposes	(621,264)	(448,512)
Permanent difference: Fixed assets which do not attract wear and tear allowance	(7,500)	-
Effect of change in Corporation Tax rate	-	50,886
Under-utilisation of tax losses	<u>1,918,008</u>	<u>683,786</u>
	<u>(14,100,778)</u>	<u>2,848,388</u>

29. Net Changes in Operating Assets and Liabilities:

	30 September	
	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Net change in accounts receivable and prepayments	5,339,183	(93,721,308)
Net change in inventories	(3,436,117)	3,543,644
Net change in accounts payable and accruals	<u>(9,813,168)</u>	<u>(30,236,176)</u>
	<u>(7,910,102)</u>	<u>(120,368,684)</u>