

**PARIA FUEL TRADING COMPANY LIMITED**

Financial Statements

September 30, 2019

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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## **Paria Fuel Trading Company Limited**

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## Paria Fuel Trading Company Limited

### Statement of Management's Responsibilities

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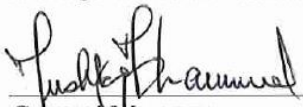
Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Paria Fuel Trading Company Limited which comprise the statement of financial position as at September 30, 2019, the statements of comprehensive income, changes in equity and cash flows for the period 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.

The going concern basis of preparation of the financial statements was not utilized by the Company in the current year due to the planned sale of the terminalling assets and the associated decommissioning liabilities within one year of the date of the statement of financial position. As a result, the financial statement as at September 30, 2019, and for the ten months ended September 30, 2019, have been prepared using a non-going concern basis of accounting. Accordingly, the Company's accounting policies have been adjusted to align with a non-going concern basis of preparation.

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

  
\_\_\_\_\_  
General Manager  
June 24, 2020

  
\_\_\_\_\_  
Finance and Corporate Lead  
June 24, 2020



**KPMG**  
**Chartered Accountants**

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## **Independent Auditors' Report**

### **To the Shareholders of Paria Fuel Trading Company Limited Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Paria Fuel Trading Company Limited (the "Company"), which comprise the statement of financial position as at 30 September 2019, the statements of comprehensive income, changes in equity and cash flows for the period from December 1, 2018 to September 30, 2019, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 September 2019, and its financial performance and its cash flows for period from December 1, 2018 to September 30, 2019, in accordance with International Financial Reporting Standards (IFRS).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

#### **Emphasis of Matter**

We draw attention to Note 1(b) in the financial statements, which describes that the going concern basis of preparing the financial statements has not been used because of the decision taken to discontinue the operations as explained in Note 1(a). Our opinion is not modified in respect of this matter.



**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Non-going concern basis of preparation</b>	
<i><b>Description of the key audit matter</b></i>	<i><b>How the matter was addressed in our audit</b></i>
<p>The Board of Directors of the Company have concluded that the going concern assumption was not appropriate as at September 30, 2019, as the Company intended to cease operations upon finalization of the sale or lease arrangement within 12 months of the Company’s year-end.</p> <p>In light of the Board’s assessment, we considered the appropriateness of the going concern conclusions made by the Board to be a key audit matter.</p>	<p>We assessed the Board’s conclusion by inspecting documents related to the preferred bidder award and the ongoing activities required in the RFP to conclude the sale.</p> <p>We evaluated the impact of the non-going concern assumption on each financial statement line item inspecting the Company’s accounting policies to determine whether they were adjusted to align with the non-going concern basis of preparation.</p> <p>We evaluated the appropriateness of the financial statement disclosures, by reviewing these disclosures against the guidance provided by the relevant accounting standard.</p> <p>Based on our assessment of information obtained from our procedures, we concluded that judgements relating to the use of basis other than going concern was reasonable.</p>



<b>Revenue Recognition (Note 14)</b>	
<b><i>Description of the key audit matter</i></b>	<b><i>How the matter was addressed in our audit</i></b>
<p>We identified the recognition of revenue as a key audit matter because of the timing of the commencement of commercial activities of the Company. Whilst Paria Fuel Trading Company Limited was incorporated on 5 October 2018, the commercial operations only commenced in December 2018 with the vesting of the operational assets and liabilities of the predecessor entity under the Vesting Act.</p> <p>Revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by the Company to meet financial targets.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"><li>• assessing the appropriateness of the Company's accounting policies for revenue recognition by testing a sample of revenue contracts and assessing the compliance of the policies with relevant accounting standards;</li><li>• testing on a sample basis the transactions recorded upon commencement of the commercial operations to ensure that transactions of the predecessor entity were not recorded by the Company;</li><li>• testing on a sample basis the correct timing of the Company's recognition of revenue; and</li><li>• testing the inclusion of sales transactions to ensure that revenue was recognized in the appropriate period and assessing the accuracy of the recorded sales transactions by agreeing to the external evidence such as product orders, bills of lading and bank statements.</li></ul> <p>No material exceptions were noted as part of our testing.</p>



<b>Impairment losses on trade receivables (Note 8)</b>	
<b><i>Description of the key audit matter</i></b>	<b><i>How the matter was addressed in our audit</i></b>
<p>As at 30 September 2019, the Company's gross trade debtors were significant.</p> <p>The Company's allowances for doubtful debts are based on the Company's estimate of the expected credit losses to be incurred, which is estimated by taking into account the credit history of the Company's customers and current market and customer-specific conditions, all of which involve a significant degree of judgement.</p> <p>We identified assessing the recoverability of trade debtors as a key audit matter because it involves significant judgement in determining the recoverable amount of trade debtors and because estimating the recoverable amount involves inherent uncertainty and requires the exercise of significant judgement.</p>	<p>Our audit procedures to assess the recoverability of trade debtors included engaging the use of our specialist to assess the application of relevant accounting standards and also undertake the following:</p> <ul style="list-style-type: none"><li>• assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes</li><li>• comparing, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade debtor balances as at 30 September 2019 with bank statements and relevant remittance documentation</li></ul> <p>No material exceptions were noted as part of our testing.</p>



<b>Abandonment Provision (Note 12)</b>	
<b><i>Description of the key audit matter</i></b>	<b><i>How the matter was addressed in our audit</i></b>
<p>The amount of future decommissioning expenditure is estimated by reference to the decommissioning activities and actual cost incurred in restoring sites with adjustments for factors such as complexity of the technology to be applied.</p> <p>The Company exercised their judgements to determine the timing and costs associated with the decommissioning obligations.</p> <p>We identified the provision for decommissioning as a key audit matter due to the significant judgement and estimation required in determining the amount of the provision.</p>	<p>Our procedures in relation to the provision for decommissioning included:</p> <ul style="list-style-type: none"><li>• We agreed the estimated cost to dismantle the terminalling assets to external supplier/vendor quotes and invoices for similar recent services provided to the Company.</li><li>• We agreed the decommissioning obligation be classified as due within 12 months and reflected in the financial statements as a liability directly associated with the assets held for sale.</li></ul> <p>No material exceptions were noted as part of our testing.</p>



<b>Impairment of terminal assets (Note 19)</b>	
<b><i>Description of the key audit matter</i></b>	<b><i>How the matter was addressed in our audit</i></b>
<p>In accordance with the relevant accounting standards, those charged with governance were required to conduct a fair value valuation of the terminal assets to assess any impairment.</p> <p>The valuation of the terminal assets is a focal point for the users of the financial statements as this can significantly influence the amount at which the terminal assets will be sold or leased.</p> <p>As the impairments can be material and are impacted by the valuator's use of recent comparable transactions as modified for the Company's specific circumstances, we believe that understanding the subjectivity of the estimate is critical for the user of the financial statements and this should be reported as a key audit matter.</p>	<p>Our procedures to audit the valuation calculation included engaging a KPMG valuation specialist to inspect the Company's expert fair value valuation report. The procedures carried out by our Specialist include;</p> <ul style="list-style-type: none"> <li>• Agreeing that sources of data were acceptable and consistent with leading industry sources;</li> <li>• Assessing the mathematical accuracy of the calculation of FV in the Company's Expert analysis;</li> <li>• Assessing the reasonableness of the methodologies and assumptions applied in the direct cost method of the cost approach and market approach by reviewing an external Insurance report employed by Management in estimating the FV of the Tangible Assets and the verification that an external "Handbook of Petroleum Refining Processes" used in the determination of costs was an industry recognised source for construction costs.</li> <li>• Conducting certain independent testing procedures to assess the reasonableness of the estimated FV of the Tangible Assets by comparing to the cost information obtained from the Specialist's internal database that was obtained from prior engagements and discussions with market participants.</li> </ul> <p>No material exceptions were noted as part of our testing.</p>



<b>Recognition of Deferred Taxes (Note 6)</b>	
<b><i>Description of the key audit matter</i></b>	<b><i>How the matter was addressed in our audit</i></b>
<p>The Company recognized deferred tax assets in relation to Property, Plant and Equipment and the abandonment provision on assets obtained from the predecessor entity under the Vesting Act. Due to lack of legislated clarity on the tax treatment for the transferred assets, in the books of the predecessor entity, there is some uncertainty on the wear and tear allowances.</p> <p>The recognition of the deferred tax asset is also predicated on the Company's estimate of future taxable temporary differences, namely future taxable profits.</p>	<p>Our procedures involved utilizing our tax specialist to assess the application of the appropriate wear and tear rate and recalculate the Company's wear and tear allowance and invariably the closing tax written down value</p> <p>We assessed whether the Company followed the requirements of relevant accounting standards to limit recognition of its deferred tax asset to the extent of its deferred tax liability where it is not probable, at the reporting date, that there are sufficient taxable timing differences. This was done through our review of the deferred tax computation by determining the value of the taxable timing differences in relation to Property, Plant and Equipment and limiting the recognition of the deferred tax asset, in relation to the abandonment provision to the extent of those taxable differences.</p> <p>No material exceptions were noted as part of our testing.</p>



## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



### **Auditors' Responsibilities for the Audit of the Financial Statements** (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chartered Accountants

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive font.

Port of Spain  
Trinidad and Tobago  
June 24, 2020

## Paria Fuel Trading Company Limited

### Statement of Financial Position

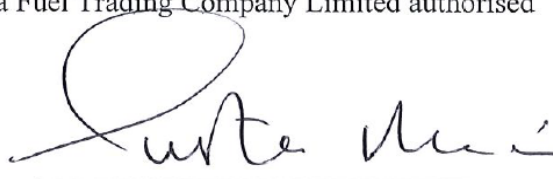
(Expressed in Thousands of Trinidad and Tobago Dollars)

	Note	As at 30 September 2019 \$
<b>Assets</b>		
<i>Current assets</i>		
Trade and other receivables	8	393,483
Due from related parties	2c	691,364
Cash and cash equivalents	9	486,555
Deferred tax assets	6c	36,753
Assets classified as held for sale	10	<u>1,740,189</u>
<b>Total assets</b>		<u>3,348,344</u>
<i>Equity attributable to owners of the parent</i>		
<i>Capital and reserves</i>		
Share capital	11	--
Retained earnings		109,291
Currency translation differences		<u>7,180</u>
<b>Total equity</b>		<u>116,471</u>
<i>Current liabilities</i>		
Trade and other payables	13	564,247
Current tax liabilities	6c	83,711
Due to related parties	2c	1,865,864
Deferred tax liability	6b	36,753
Liabilities directly associated with assets classified as held for sale	10	<u>681,298</u>
<b>Total liabilities</b>		<u>3,231,873</u>
<b>Total equity and liabilities</b>		<u>3,348,344</u>

The notes on pages 15 to 60 are an integral part of these financial statements.

On June 24, 2020, the Board of Directors of Paria Fuel Trading Company Limited authorised these financial statements for issue.

  
Director

  
Director

## Paria Fuel Trading Company Limited

### Statement of Comprehensive Income

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Note	Ten months ended 30 September 2019 \$
<b>Discontinued operations</b>		
Revenue	14	7,280,671
Cost of sales	15	<u>(6,938,355)</u>
<b>Gross profit</b>		342,316
Other operating income	16	<u>98,997</u>
		<b><u>441,313</u></b>
Administrative expenses	15	(115,204)
Operating expenses	15	<u>(103,890)</u>
<b>Total expenses</b>		<b><u>(219,094)</u></b>
<b>Operating profit</b>		222,219
Net finance costs	17	<u>(29,217)</u>
<b>Profit before income tax</b>		193,002
<b>Income tax expense</b>	6a	<u>(83,711)</u>
<b>Profit for the period</b>		<b><u>109,291</u></b>
<b>Other comprehensive income</b>		
<i>Items that would not be reclassified to profit or loss</i>		
Currency translation differences		<u>7,180</u>
<b>Total comprehensive income for the period</b>		<b><u>116,471</u></b>

The notes on pages 15 to 60 are an integral part of these financial statements.

## Paria Fuel Trading Company Limited

### Statement of Changes in Equity

(Expressed in Thousands of Trinidad and Tobago Dollars)

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	<u>Share capital</u>	<u>Retained earnings</u>	<u>Currency translation differences</u>	<u>Total</u> \$
	\$	\$	\$	
<b>Ten months ended September 30, 2019</b>				
Balance at December 1, 2018				
Total comprehensive profit for the period	--	109,291	--	109,291
Currency translation differences	--	--	7,180	7,180
<b>Balance at September 30, 2019</b>	<u>--</u>	<u>109,291</u>	<u>7,180</u>	<u>116,471</u>

*The notes on pages 15 to 60 are an integral part of these financial statements.*

## Paria Fuel Trading Company Limited

### Statement of Cash Flows

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Note	Ten months ended 30 September 2019 \$
<b>Operating activities</b>		
Profit before income tax		193,002
<i>Adjustments to reconcile profit to net cash from operating activities</i>		
Depreciation	5	45,524
Finance costs, net	17	29,217
Unrealised Foreign currency loss		7,240
<i>Net change in operating assets and liabilities</i>		
Decrease/(increase) in inventory		140,857
Decrease/(increase) in trade and other receivables		(401,339)
Decrease/(increase) in due from related parties		(691,755)
Increase/(decrease) in trade and other payables		524,339
Increase/(decrease) in due to affiliates		640,731
Finance costs paid, net		<u>(106)</u>
<b>Net cash generated from operating activities</b>		<u>487,710</u>
<b>Investing activity</b>		
Purchase of property, plant and equipment	5	<u>(575)</u>
<b>Net cash used in investing activity</b>		<u>(575)</u>
<b>Financing activities</b>		
<b>Net cash generated from financing activities</b>		<u>--</u>
Currency translation difference on cash and cash equivalents		<u>(580)</u>
<b>Net increase in cash and cash equivalents</b>		486,555
<b>Cash and cash equivalent, at the beginning of the period</b>		<u>--</u>
<b>Cash and cash equivalent, at the end of the period</b>		<u>486,555</u>

The notes on pages 15 to 60 are an integral part of these financial statements.

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

September 30, 2019

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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#### 1. Incorporation and principal activity

Paria Fuel Trading Company Limited (“Paria” or “the Company”) was incorporated in the Republic of Trinidad and Tobago on October 5, 2018. Paria is primarily engaged in importation and distribution of refined fuel, petroleum products trading and receiving, handling and preparation of cargo (terminalling). The sole shareholder is Trinidad Petroleum Holdings Limited (TPHL). The ultimate parent is the Government of the Republic of Trinidad and Tobago (GORTT). The registered office is 9 Queen’s Park West, Port of Spain, Trinidad and Tobago, West Indies.

Prior to Paria’s formation, its terminalling activities were conducted by a related party, Petroleum Company of Trinidad and Tobago Limited (Petrotrin). Petrotrin undertook a restructuring in 2018 and by virtue of the Miscellaneous Provisions (Heritage Petroleum Company Limited (Heritage), Paria Fuel Trading Company Limited (Paria), Guaracara Refining Company Limited (Guaracara) Vesting) Bill, 2018, (“Vesting Act”); effective December 1, 2018, Petrotrin’s assets relative to terminalling operations were vested in Paria. Petrotrin’s assets related to exploration and production and refinery operations were vested to Heritage and Guaracara respectively. The associated decommissioning and dismantlement obligations in respect of terminalling, E&P and refining operations were also transferred to the respective entities. As a result of the transfers of assets and liabilities, this gave rise to a corresponding liability to Petrotrin. The carrying amounts of the assets and liabilities were accounted for using the predecessor valuation method because they arose from a common-control transaction. The ultimate ownership of Paria is Corporation Sole.

(a) *Significant events in the current reporting period – Assets held for sale and discontinued operations*

Upon the closure of the refinery by PETROTRIN, the Government of Trinidad and Tobago indicated its intention to offer for sale or lease the terminalling facilities. The bidding process was divided in two stages, with Stage 1 of the bidding process attracting 77 Expressions of Interest. After the evaluation process, a shortlist of five (5) bidders was prepared. At the close of bids on August 20, 2019, three (3) bidders submitted compliant binding offers for the purchase or lease of the terminalling facility.

In a media release statement dated September 20, 2019 by the Minister of Finance on the results of the Request for Proposals for the Sale of the Point-a-Pierre Terminalling facility House of Representatives stated that Patriotic Energies and Technologies Company Limited was the preferred bidder for the sale of the terminalling facilities.

As a result of the above, the associated assets and liabilities of the terminalling operations were consequently presented as “held for sale” in the statement of financial position as at September 30, 2019, (refer to note 10). All of the operations in the current period are shown as “discontinued operations” in the statement of profit or loss. At the date of issue of the financial statements the sale was not concluded.

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

September 30, 2019

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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#### 1. Incorporation and principal activity (continued)

##### (b) *Basis of measurement*

In accordance with IAS 1 “Presentation of Financial Statements” the basis of preparing financial statements is on a non-going concern basis due to the decision taken by the Government of Trinidad and Tobago as explained in 1 (a) above.

For financial statement presentation, the liquidating activities are those relating to the divestment of assets. The Board of Directors is expecting an orderly disposal process as the Company seeks to realize its assets and settle its liabilities. Due to the planned divestment described above, the associated asset and liabilities are presented as assets or liabilities classified as “held for sale” in the 2019, financial statements. The accounting policy in relation to these line items were only in relation to those assets that were classified as held for sale where these items were measured at the lower of its carrying amount and fair value less cost to sell in accordance with IFRS 5.

Management plans to divest and expects to utilize the income generated from the divestment process to settle any outstanding liabilities of the Company going forward. Effective April 1, 2019 certain assets of the Company were re-classified as held for sale. Given the non-going concern basis of preparation and the uncertainty of when the divestment process will be completed, the relevant assets are still treated as held for sale as at September 30, 2019.

The Company’s liabilities have been treated as current as the current liabilities reflects the manner in which the Company is expected to settle these obligations which comprises of creditor balances, intercompany balances, amounts due to tax authorities and liabilities held for sale.

## **Paria Fuel Trading Company Limited**

### **Notes to the Financial Statements**

**September 30, 2019**

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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## **2. Transactions with related parties**

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

In the ordinary course of its business, Paria enters into transactions concerning the exchange of goods, provision of services and financing with affiliated companies and subsidiaries as well as entities directly owned or controlled by the Government of the Republic of Trinidad and Tobago.

Most significant transactions concern:

- The Guaracara Refining Company Limited – Marketing service fee, RFP costs and rental of vehicles,
- Heritage Petroleum Company Limited – Processing fee from pipeline, bunker sales and terminalling fees (marine),
- Petroleum Company of Trinidad and Tobago Limited – Transfer of novated assets, restructuring costs and cash advances,
- Trinidad Petroleum Holdings Limited – Advance of sums by Paria to settle shareholder loan, Insurance and Security charges paid on behalf of Paria,
- Trinidad & Tobago National Petroleum Marketing Company Limited (NPMC) – product sales,
- Joint and several guarantee with fellow TPHL subsidiaries on borrowings for the TPHL Group.

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

September 30, 2019

(Expressed in Thousands of Trinidad and Tobago Dollars)

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## 2. Transactions with related parties

### a. Key management personnel compensation

Key management personnel are those having authority and responsibility for planning, directing and controlling the Company, including executive officers and consist of the following:

	<b>2019</b>
	<b>\$</b>
Short – term employee benefits	3,161
Short – term director fees	219
Long – term employee benefits	<u>96</u>
	<u>3,476</u>

### b. Trade and financing activities with related parties

**2019**

**\$**

#### **Sales of goods or services**

*Sales to NPMC* 2,918,970

#### *Services provided to Guaracara*

Marketing service fee	244
Rental of vehicles	57
Recharges for RFP costs	118

#### *Services provided to Heritage*

Pipeline fees	51,674
Bunkers	19,962
Marine	201

#### *Financing provided to TPHL*

Advance of sums to settle shareholder loan	<u>84,606</u>
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3,075,832

#### **Purchases of goods or services**

#### *Services received from Petrotrin*

Transfer of novated assets	1,232,872
Restructuring costs and cash advances	461,069

Services received from Heritage – Invoice paid on behalf of Paria 650

Services received from TPHL – Invoices paid on behalf of Paria 5,270

Collections on behalf of Guaracara 7,944

1,707,805

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**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

**September 30, 2019**

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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**2. Transactions with related parties (continued)**

c. *Outstanding balances arising from sales/purchases of goods and services*

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	<b>2019</b>
	<b>\$</b>
(i) <i>Due from related parties</i>	
TPHL	84,606
Heritage	24,602
Guaracara	472
NPMC - Product	444,883
NPMC - Subsidy receivable	<u>136,801</u>
	<u>691,364</u>
(ii) <i>Due to related parties</i>	
Heritage	650
Petrotrin	1,548,968
Guaracara	3,376
TPHL	5,270
The Government of the Republic of Trinidad and Tobago (GORTT)	
– Taxes other than income taxes	254,363
– Penalty & interest	<u>53,237</u>
	<u>1,865,864</u>

With the exception of NPMC, the above balances are unsecured, interest free and repayable on demand. See Note 4 (b) for further details on amounts due to related parties. Interest and penalty has been accrued for outstanding “Taxes other than income taxes”, which relate to Value Added Tax (VAT), whilst the Company awaits feedback on a waiver requested for interest and penalty.

**3. Critical estimates, assumptions and errors**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this period as a result of an error and of changes to previous estimates.

(a) *Significant estimates and judgements*

The areas involving significant estimates or judgements are:

- Estimation of income taxes – note 6
- Estimation of decommissioning and environmental obligation – note 12
- Estimation of the fair value of property, plant and equipment – note 10
- Estimation of forward-looking assumptions under IFRS 9 – note 8

Estimates and judgements are continually evaluated. They are based on factors such as expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

**4. Financial risk management**

The Company has exposure to the following risks:

- a. *Credit risk*
  - (i) Risk management
  - (ii) Credit quality
  - (iii) Exposure to credit risk
- b. *Liquidity risk*
- c. *Market risk*
  - (i) Foreign exchange risk
  - (ii) Price risk
- d. *Capital risk management*

This note contains information about the Company's exposure to each of the above risks and the objectives, policies and processes for managing and measuring the risk. Further quantitative disclosures are also included in the referred notes.

a. *Credit risk*

The Company is exposed to credit risk, which is the risk that its customers and counterparties may cause a financial loss by failing to discharge their contractual obligations. Credit risk arises from cash and cash equivalents, deposits with financial institutions as well as outstanding receivables and committed transactions. The credit quality of customers, their financial position, and other factors are taken into consideration in assessing credit risk. Management does not expect any losses from non-performance by counterparties.

(i) *Risk management*

Credit risk is managed across the TPHL Group. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB' are accepted. Cash and deposits are held with a number of reputable financial institutions, in amounts varying between US\$10M and US\$100M and TT\$100M and TT\$600M.

Risk control assesses the credit quality of the customer, taking into account its financial position, credit agency information, industry information and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by trade customers is regularly monitored by line management.

**Paria Fuel Trading Company Limited**

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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**4. Financial risk management (continued)**

a. *Credit risk (continued)*

(i) *Risk management*

The Company has some concentration of credit risk as the majority of receivables are from several large customers. However, this risk is minimised as the Company maintains formal contracts with each of these customers that stipulate invoicing and payments terms.

(ii) *Credit quality*

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	<b>2019</b>
	<b>\$</b>
<i>Cash at bank</i>	
Cash at bank	<u>486,545</u>

The rest of the statement of financial position item cash and cash equivalents comprises cash in hand.

(iii) *Exposure to credit risk*

The following is a summary of the Company's maximum exposure to credit risk:

	<b>Fully</b>	<b>Past</b>	<b>Provision</b>		<b>Total</b>
	<b>performing</b>	<b>due</b>	<b>Impaired</b>	<b>for</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>September 30, 2019</b>					
Cash and cash equivalents	486,555	--	--	--	486,555
Trade receivables (excluding prepayments)	215,573	173,689	--	(664)	388,598
Due from related parties	<u>560,700</u>	<u>130,664</u>	--	--	<u>691,364</u>
	<u>1,262,828</u>	<u>304,353</u>	--	(664)	<u>1,566,517</u>

**4. Financial risk management (continued)**

a. *Credit risk (continued)*

(iv) *Exposure to credit risk (continued)*

The Company does not hold any collateral in relation to these assets.

The Company recognises provision for losses for assets subject to credit risk using the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no impairment.

The Company uses the following approaches in arriving at expected losses

- The simplified approach (for trade receivables)

*The simplified approach*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses for Trade Receivables. The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, the Company first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on an internal risk rating system considering various qualitative and quantitative factors. All other non-specific trade receivables are then grouped based on shared credit risk characteristics and the days past due.

Receivable balances occur primarily from sales of local refined products, regional refined products, local bunkering, regional bunkering to customers and other (i.e. wharf dues, tug hire, barging fees, launch hire, filling, handling and rack fees and pipeline fees etc). Receivables from these streams becomes impaired as follows:

- Local Refined products – NPMC and UNIPET – default occurs on the 26th day of the subsequent month for unsubsidized amounts. Subsidies are expected to be remitted by NPMC and UNIPET to Paria within 1 year. Disbursement of subsidies is triggered by the remittance of funds from the Ministry of Finance (GORTT) to the respective parties, which is subsequently paid to Paria. Management believes that this sum will be settled regardless of the lapse in time by GORTT, as such the subsidy receivables are not included in the determination of the Company’s ECL.
- Regional refined products – default occurs from the 11th day after invoicing.
- Local bunkering – default occurs from the 16th day from the Bill of Lading date per contract.

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

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#### 4. Financial risk management (continued)

a. Credit risk (continued)

(iv) Exposure to credit risk (continued)

- Regional bunkering – default occurs on the 21st day from the Bill of Lading date.
- Other - Launch services etc. - default occurs after 30 days credit terms has elapsed.
- Other – Crude Handling – Heritage – default will occur under the final agreement dated 8th January 2020, from the 13th day after invoicing which must be done on the 10th day after the last day of the month

*Incorporation of forward-looking information*

Loss rates based on experience within the year for trade receivables are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified no indicators to have an impact so no forward-looking rate was applied.

*Assets written off*

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

*Summary of ECL calculations*

The simplified approach (trade receivables)

A summary of the assumptions underpinning the Company's expected credit loss model under the simplified approach is further analysed below showing:

- Specific provisions
- General provisions using a standardised provision matrix

The following is a summary of the ECL on trade receivables.

**Specific provision**

	<b>2019</b>
	<b>\$</b>
Gross carrying amount	389,262
Less: Provision	<u>(664)</u>
Total	<u>388,598</u>

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

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#### 4. Financial risk management (continued)

a. *Credit risk (continued)*

(iv) *Exposure to credit risk (continued)*

	<b>2019</b>
	\$
Opening loss allowance as at December 1, 2018	
– calculated under IFRS 9	--
Current year provision	<u>(664)</u>
Balance at end of period	<u>(664)</u>

The following is an analysis of the net impairment expense on financial assets recognised in profit loss:

Net changes to provisions for the period per above	<u>(664)</u>
--	--------------

b. *Liquidity risk*

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. The Company's liquidity risk management process is measured and monitored by senior management within the Company.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

The main method for the measurement and monitoring of liquidity is cashflow forecasting. The Company's treasury function co-ordinates relationships with banks and cash management.

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

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#### 4. Financial risk management (continued)

##### b. Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<u>&lt; 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Contractual Cash flows</u>	<u>Carrying amount</u>
<b>September 30, 2019</b>					
Trade Payables	184,493	--	--	184,493	184,493
Accruals and other	379,754	--	--	379,754	379,754
Liabilities (excluding statutory liabilities)	-	-	-	-	-
Due to related parties (excluding statutory obligations)	1,417,716	140,548	--	1,558,264	1,558,264
<b>Total</b>	<u>1,981,963</u>	<u>140,548</u>	<u>--</u>	<u>2,122,511</u>	<u>2,122,511</u>

##### c. Market risk

Market risk is the risk that the fair value of future cash flows of the financial instrument will fluctuate because of changes in market prices. The Company takes on exposure to market risks from changes in foreign exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The functional currency of the Company is the United States dollar (USD) since the Company's major product, refined product is priced internationally at USD.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign currency transaction exposures mainly arise on the Company's sales or purchases in currencies other than USD.

**Paria Fuel Trading Company Limited**

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**4. Financial risk management (continued)**

c. *Market risk (continued)*

(i) *Foreign exchange risk*

The following exchange rates were used in translating United States dollars to Trinidad and Tobago dollars at the year end and in conversions during year:

	<b>As at 30 September 2019</b>
Period-end	6.73275
Average rate during the period	6.75659

(i) *Foreign exchange risk*

*Translational exposure in respect of non-functional currency monetary items*

The following tables demonstrate the sensitivity of the Company's profit after tax to possible movements of the USD against the TTD holding all other variables constant.

	<b>As at 30 September 2019 TT\$</b>
<b>Assets</b>	
Receivables (excluding prepayments)	237,213
Due from related parties	666,423
Cash and cash equivalents	<u>170,823</u>
<b>Financial assets</b>	<b>1,074,459</b>
<b>Liabilities</b>	
Trade and other payables	(10,979)
Due to related parties	<u>(325,596)</u>
<b>Financial liabilities</b>	<b>(336,575)</b>
<b>Net currency exposure</b>	<b><u>737,884</u></b>
Reasonably possible change in exchange rate	5%
<b>Effect on profit after tax</b>	<b><u>36,894</u></b>

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

September 30, 2019

(Expressed in Thousands of Trinidad and Tobago Dollars)

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#### 4. Financial risk management (continued)

c. *Market risk (continued)*

(ii) *Price risk*

The Company is exposed to fluctuations in the prices of refined product sales sold at market prices.

As a result of these market price fluctuations the Company may in the future use established over-the-counter swaps, for refined or other appropriate instruments, to hedge exposures in order to protect budgeted revenues and margins. The Company does not currently have any such hedging instruments in place.

d. *Capital risk management*

Consistent with others in the oil and gas industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the parent and consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

Gearing is the measure of financial leverage, demonstrating the degree to which the Company's activities are funded by owner's funds versus creditor's funds.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt divided by total equity as shown in the statement of financial position.

The Company has no external debt however, prior to the reorganization as described in Note 1, Petrotrin's debt portfolio included two (2) Senior Unsecured 144A and Reg S series international bonds, namely, a US\$750 million amortizing bond maturing on May 8, 2022 (2022 Notes) and a US\$850 million bullet bond which matured on August 14, 2019 (2019 Notes). As part of the reorganization, Supplemental Indentures for the 2022 Notes and 2019 Notes were executed on November 30, 2018, transferring Petroleum Company of Trinidad and Tobago Limited's obligations under the original indentures from Petrotrin to Trinidad Petroleum Holdings Limited and making Heritage Petroleum Company Limited, The Guaracara Refining Company Limited, Paria Fuel Trading Company Limited and Petroleum Company of Trinidad and Tobago Limited Guarantors to the 2022 and 2019 Notes. Treasury Management is thus based on the way financing is managed at the overall TPHL Group level.

**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

**September 30, 2019**

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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**4. Financial risk management** (continued)

d. *Capital risk management* (continued)

The Company has no gearing as there are no borrowings as at September 30, 2019.

e. *Financial Instruments by category*

*Loans and receivables*

The accounting policies for financial instruments have been applied to the line items below:

	<b>2019</b>
	<b>\$</b>
Due from related parties	691,364
Trade & other receivables (excluding prepayments)	388,598
Cash at bank	<u>486,555</u>
	<u>1,566,517</u>

The Company has no assets at fair value through profit or loss.

*Other financial liabilities*

Liabilities as per statement of financial position

Trade payables and other payables	564,247
Due to related parties (excluding statutory obligations)	<u>1,558,264</u>
	<u>2,122,511</u>

The Company has no liabilities at fair value through profit or loss.

**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

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**5. Property, plant and equipment – tangible and intangible**

	<b>Buildings</b>	<b>Furniture &amp; Fittings</b>	<b>Berths</b>	<b>Marine Communication</b>	<b>Marine Vessels (Tugs)</b>	<b>Plant &amp; Machinery</b>	<b>Capital work in progress</b>	<b>Decommissioning Asset</b>	<b>Total</b>
<b>Costs</b>									
Transfer of novated assets as at December 1, 2018	7,310	527	118,290	112	1,454	384,002	--	677,243	1,188,938
Additions	--	--	--	--	--	--	575	--	575
Exchange differences	--	--	(3)	--	--	(8)	--	(15)	(26)
Reclassification to assets held for sale – Note 5	(7,310)	(527)	(118,287)	(112)	(1,454)	(383,994)	(575)	(677,228)	(1,189,487)
Balance as at September 30, 2019	--	--	--	--	--	--	--	--	--
<b>Accumulated depreciation, depletion, amortization and impairment losses</b>									
Balance as at December 1, 2018	--	--	--	--	--	--	--	--	-
Depreciation, depletion & amortisation	(244)	(35)	(4,350)	(37)	(97)	(18,153)	--	(22,608)	(45,524)
Exchange differences	--	--	8	--	--	26	--	33	67
Reclassification to assets held for sale – Note 5	244	35	4,342	37	97	18,127	--	22,575	45,457
Balance as at September 30, 2019	--	--	--	--	--	--	--	--	--
Net book amount	--	--	--	--	--	--	--	--	--

On December 1, 2018, property, plant and equipment of \$511,695 was transferred from Petrotrin to Paria as per the 2018 Miscellaneous Provision Vesting Bill as described in Note 1. As at April 1, 2019 all property, plant and equipment relating to terminalling was classified as held for sale as explained in Note 1.

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

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#### 5. Property, plant and equipment – tangible and intangible (continued)

##### a. Accounting policy

Buildings comprise mainly properties used in connection with the terminalling facilities and offices.

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated at varying rates to allocate cost amounts of each asset to their residual values over their estimated useful lives. Depreciation is calculated as follows:

Buildings	-	10%	reducing balance basis
Marine vessels and equipment	-	10%	straight-line basis
Berths	-	10%	straight-line basis
Tugs/ barges	-	20%	reducing balance basis
Plant and machinery	-	10%	straight-line basis
Computer equipment/software (non-specialised)		33.3%	straight-line basis
Furniture and fittings	-	20%	reducing balance basis
Equipment	-	10%	straight line basis

Equipment comprises marine equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recorded within the statement of profit or loss and other comprehensive income.

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

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#### 5. Property, plant and equipment – tangible and intangible (continued)

b. *Assets pledged as security*

In accordance with Security Agreement 2.1(a) Grant of Security dated June 28, 2019, certain assets; equipment and fixtures have been held as security. Refer to Note 20 for additional information.

c. *Depreciation, depletion and amortization*

The assets were classified as held for sale under IFRS 5 effective April 1, 2019, therefore no depreciation has been charged from that date. Depreciation charge of \$45.2 million has been included in cost of sales, and \$0.3 million has been included in administrative expense.

Costs not subject to depreciation and depletion totalled \$0.575 million. These are capital work in progress costs.

Included in assets held for sale is a net unamortised amount of \$511 million in respect of decommissioning assets.

#### 6. Income tax expense

a. *Taxation charge*

	<b>2019</b>
	<b>\$</b>
Corporation tax	83,711
Deferred income tax	<u>    --</u>
	<b><u>83,711</u></b>

The tax charge on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable to the Company as follows:

Profit before tax	<u>193,002</u>
Tax at 35%	67,551
Recognition of timing differences on novated assets/liabilities	(41,733)
Expenses not deductible for taxes	35,845
Derecognition of timing differences	<u>22,048</u>
	<b><u>83,711</u></b>

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

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#### 6. Income tax expense (continued)

##### b. *Accounting policy (continued)*

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**Paria Fuel Trading Company Limited**

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**6. Income tax expense (continued)**

b. *Deferred taxation*

	<b>2019</b>
	<b>\$</b>
At beginning of the period	
Charge to OCI	--
Charge to SOCI	--
	<u>          </u>
At end of the period	<u>          </u>

Deferred income taxes are calculated in full, on temporary differences under the liability method using a principal tax rate of 35%. The deferred income tax (asset)/liability in the statement of financial position and the deferred income tax charge/(credit) in the statement of profit or loss and other comprehensive income are attributable to the following:

	<b>Charge/ Charge (credit) to to OCI SOCI</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Ten months ended September 30, 2019</b>		
<b>Deferred income tax liabilities</b>		
Accelerated tax depreciation – property, plant and equipment carried at cost	-- 36,753	36,753
	<u>          </u>	<u>          </u>
	-- 36,753	36,753
	<u>          </u>	<u>          </u>
<b>Ten months ended September 30, 2019</b>		
<b>Deferred income tax assets</b>		
Provision for abandonment	-- (36,753)	(36,753)
	<u>          </u>	<u>          </u>
	-- (36,753)	(36,753)
	<u>          </u>	<u>          </u>
<b>Net deferred income tax asset/(liabilities)</b>	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>

The deferred tax asset has been restricted to Paria's deferred tax liability. Total deferred tax asset as at September 30, 2019 was \$59.8 million. There are no tax losses carried forward as at September 30, 2019.

c. *Current tax liabilities*

	<b>2019</b>
	<b>\$</b>
Balance at the start of the period	
Income taxes paid	--
Current period income tax expense	83,711
Balance at the end of the period	--
	<u>          </u>
	<u>83,711</u>

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

September 30, 2019

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	2019 \$
<b>7. Inventories</b>	
Refined products	741,556
Inventory – spares	227
Provision for impairment	<u>(182)</u>
	741,601
Less: Reclassification of assets held for sale	<u>(741,601)</u>

On December 1, 2018 inventories of \$882,458 was transferred from Petrotrin to Paria as per the 2018, Miscellaneous Provisions Bill. As at April 1, 2019 inventories relating to terminalling was classified as held for sale as explained in Note 1. Movement in inventory during the period of \$131,793 was charged to cost of sales.

a. *Accounting policy*

Refined products are valued at the lower of the cost of purchasing the refined products and net realisable value based on current market prices.

The total product cost is comprised of the cost of purchased crude and any associated costs.

Net realisable values are refined products prices as quoted in the ‘Platts Oilgram’ at the close of the reporting period.

When inventories of refined products are sold, the carrying amount of those inventories is recognised as an expense in cost of sales in the period in which the related sale is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the cost of inventories and recognised as an expense in the period in which the reversal occurs.

**Paria Fuel Trading Company Limited**

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**8. Trade and other receivables**

	<b>2019</b>
	<b>\$</b>
Trade receivables	389,262
Less: provision for impairment	<u>(664)</u>
Trade receivables – net	388,598
Prepayments	<u>4,885</u>
	<u><b>393,483</b></u>

a. *Accounting policy*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are amounts due from customers for rental fees or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Please refer to note 4 a (iv) for default term.

Any provision for impairment is recognised in profit or loss within administrative expenses. When a trade receivable is uncollectible, it is written off against the provision for impairment account for trade receivables. Subsequent recoveries of amounts previously written off are credited against expenses in profit or loss.

b. *Fair value of trade receivables*

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

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**9. Cash and cash equivalents**

	<b>2019</b>
	<b>\$</b>
Cash at bank and on hand	<u>486,555</u>
	<u>486,555</u>

*a. Accounting Policy*

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdraft. Short term bank deposits are presented as cash and cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable within 24 hours' notice with no loss of interest. Bank overdrafts are shown in current liabilities in the statement of financial position.

*b. Financial risk management*

The effective interest rates on cash and short-term deposits was around 0.2 % per annum.

**10. Assets held for sale and liabilities directly associated with the assets held for sale:**

	<b>2019</b>
	<b>\$</b>
<b>Assets classified as held for sale</b>	
Property, plant and equipment tangible and intangible	998,588
Inventories	<u>741,601</u>
<b>Total assets classified as held for sale</b>	<b><u>1,740,189</u></b>
<b>Liabilities directly associated with the assets classified as held for sale</b>	
Provisions	<u>681,298</u>
<b>Total liabilities directly associated with the assets classified as held for sale</b>	<b><u>681,298</u></b>
* Assets classified as held for sale as at April 1, 2019	1,144,030
Decommissioning asset adjustment	(141,339)
Exchange difference as at year end	<u>(4,103)</u>
Closing held for sale as at September 30, 2019	<u>998,588</u>

**10. Assets held for sale and liabilities directly associated with the assets held for sale (continued)**

*a. Accounting policy*

A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. They are measured at lower of their carrying amount and fair value less costs to sell except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

When the sale is expected to occur beyond one year, the Company shall measure the costs to sell at its present value. Any increase in the present value of the costs to sell that arises from the passage of time shall be presented in profit or loss as a financing cost.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

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(Expressed in Thousands of Trinidad and Tobago Dollars)

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#### 11. Share capital

	2019
Authorised:	\$
An unlimited number of ordinary shares of no par value	
An unlimited number of preference shares of no par value	
Issued and fully paid:	
1 ordinary share issued for TT\$1.00	== --
	== --

a. *Accounting policy*

*Share capital*

Ordinary shares have no par value and entitle the holder to participate in dividends, and to share in the proceeds of winding up the parent company in proportion to the number of the shares held. On show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll share is entitled to one vote.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

*Dividend distribution*

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

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

September 30, 2019

(Expressed in Thousands of Trinidad and Tobago Dollars)

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12. Provisions	Note	2019 \$
<b>As at September 30, 2019</b>		
Transfer of novated liabilities		796,481
Revision of estimates		(141,339)
Unwinding of discount	17	29,110
Translation differences		<u>(2,954)</u>
Closing balance at September 30, 2019		681,298
Transferred to liabilities associated with Assets held for sale		<u>(681,298)</u>
Closing balance as at September 30, 2019		<u>          --</u>

On December 1, 2018, the terminalling dismantlement provision of \$796,481 was transferred from Petrotrin to Paria. As at April 1, 2019, all provisions relating to the terminalling assets were classified as held for sale as explained in Note 1.

a. *Accounting policy*

(i) *Decommissioning Liabilities*

Obligations related to the removal of tangible equipment and the restoration of land once operations are terminated. It requires the recognition of a significant provision for decommissioning.

To determine the costs to dismantle all terminalling asset's; tanks, plants, berth & jetties, building and offsites (piperack), quotations were obtained for the cost estimates for the labour, material and equipment.

The terminalling assets decommissioning costs were not discounted due to the decision to sell the terminalling operations and in the absence of demonstrable results as to divestment of the underlying assets.

(ii) *Environmental liabilities*

Together with other companies in the industries in which it operates, Paria is subject to local environmental laws and regulations concerning its terminalling and other activities. Provision for environmental costs is made when it becomes probable or certain that a liability has been incurred and the amount can be reasonably estimated. If a new regulation or a notice of a regulation violation is received, and it is likely to have a financial impact, a provision will be recorded.

**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

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<b>13. Trade and other payables</b>	<b>2019</b>
	<b>\$</b>
Trade payables	184,493
Accruals	<u>379,754</u>
	<u>564,247</u>

*a. Accounting policy*

*Trade payables*

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

*Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised 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 recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

*b. Fair value of trade payables*

Due to the short-term nature of the current payables, their carrying amount is assumed to be the same as their fair value.

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

September 30, 2019

(Expressed in Thousands of Trinidad and Tobago Dollars)

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#### 14. Revenue

	2019 \$
<i>Local</i>	
Refined products	3,837,756
Bunkering	133,204
<i>Regional</i>	
Refined products	2,841,841
Bunkering	<u>467,870</u>
	<u>7,280,671</u>

a. *Accounting policy*

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

Under the adoption of IFRS 15, Revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised, they are as follows: identify contracts with customers, identify the separate performance obligation, determine the transaction price of the contract, allocate the transaction price to each of the separate performance obligations, and recognise the revenue as each performance obligation is satisfied.

Paria bases its estimates on the type of customer, the type of transaction and the specifics of each arrangement.

(i) *Refined products*

Revenue of refined product via shipment is recognized when the refined product passes through the vessel's inlet manifold flange at the loading port. For sales of refined product via road tank wagons, revenue is recognized when refined product passes at the inlet point of the road tank wagon. It is at that date; the risks of loss are transferred to the acquirer.

(ii) *Bunkering*

Revenues from bunkering are recognized upon shipment when, at that date, the risks of loss are transferred to the acquirer.

**Paria Fuel Trading Company Limited****Notes to the Financial Statements****September 30, 2019***(Expressed in Thousands of Trinidad and Tobago Dollars)***15. Expenses by nature**

	<b>Ten months ended 30 September 2019</b>			
	<b>Note</b>	<b>Cost of sales</b>	<b>Administrative expense</b>	<b>Operating expense</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
Purchases (product)		6,741,526	--	--
Movement in inventories		138,632	--	--
Employee benefit expense	18	3,973	5,189	6,770
Depletion, depreciation and amortisation		45,245	279	--
Green fund levy		--	22,138	--
Bad debts		--	664	--
Inventory impairment		182	--	--
Insurance		3,323	712	--
Loss in foreign exchange		--	--	12,937
Utilities		--	--	6,309
Legal and professional fees		--	17,894	--
Rental of barges		--	--	21,268
Contract services		5,474	4	54,168
Key management personnel remuneration		--	3,257	--
Director's fees		--	219	--
Demurrage		--	9,909	--
Penalty & Interest – VAT		--	53,236	--
Other		--	1,703	2,438
		<u>6,938,355</u>	<u>115,204</u>	<u>103,890</u>

**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

**September 30, 2019**

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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**16. Other operating income**

	<b>2019</b>
	<b>\$</b>
Wharf dues	10,879
Tug hire	4,490
Barging fees	13,843
Launch hire	9,119
Pipeline fees	52,153
Filling, handling and rack filling fees	7,787
Other (service fees, commission, laboratory & utilities)	<u>726</u>
	<u>98,997</u>

**17. Net finance cost**

Bank charges	(156)
Finance charge on decommissioning costs (Note 12)	(29,110)
Finance income	<u>49</u>
Net finance costs	<u>(29,217)</u>

**18. Employee benefits expense**

	<b>2019</b>
	<b>\$</b>
Salaries and wages	14,083
Housing	399
Vehicle	748
Pensions	39
Medical services	443
National insurance	<u>220</u>
	<u>15,932</u>

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

September 30, 2019

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#### 19. Fair value – terminalling assets including capital and operating spares

##### a. Valuation processes

The decision to sell the terminalling operations as described in Note 5 was considered an impairment trigger.

The Board of Directors of Paria engaged an independent professional valuator to perform the valuations of property items required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results were held between Management and the valuation team periodically.

*Valuation of terminalling assets capital and operating spares:*

The terminalling assets including capital and operating spares: were valued using a cost approach. The valuation includes the equipment process units inside battery limits and supporting equipment outside the battery limits. The valuation does not include land, land improvements and buildings and other existing infrastructure not dedicated to the machinery and equipment.

The main level 3 inputs used by Paria are derived and evaluated as follows:

- Replacement cost new
- Normal useful life
- Physical depreciation
- Functional obsolescence
- Economic obsolescence

##### b. Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, Paria has classified its non-financial assets into the three levels prescribed under the accounting standards.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$	\$
Terminalling assets				
Total non-financial assets	-	-	1,001,160	1,001,160

**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

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**19. Fair value – terminalling assets including capital and operating spares (continued)**

*c. Recognized fair value measurements*

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. This is the first year Paria has carried out a fair value assessment and all Paria terminalling assets are classified as level 3.

*d. Valuation techniques used to determine level 2 and level 3 values*

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalized income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3. The level 2 fair value of land held for resale has been derived using the sales comparison approach. The key inputs under this approach are the price per square metre from current year sales of comparable lots of land in the area (location and size).

**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

**19. Fair value – terminalling assets including capital and operating spares (continued)**

(v) *Valuations inputs and relationships to fair value*

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair Value as at	Carrying Value as at	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30-Sep-19 \$	30-Sep-19 \$		2019	
Terminalling assets	1,001,160	487,622	Effective age	- 5 years	The lower this variable the higher the fair value
			Minimum percentage good	- 5%	The lower this variable the higher the fair value
			Turnaround cost	+15 years normal useful life	The higher this variable the lower the fair value
			Replacement cost new	+20%	The higher this variable the lower the fair value
			Restart cost	+15%	The higher this variable the lower the fair value
			Run time (capacity)	- 25%	The lower this variable the lower the fair value

The terminalling assets identified above do not include operating spares which is valued at \$45k.

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

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#### 20. Contingent liabilities

a. Lease commitments

The Company leases certain vehicles and copiers under short term operating lease agreement. The lease terms are for periods less than 1 year. The lease expenditure charged to profit or loss during the year was \$480.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<b>2019</b>
	<b>\$</b>
Less than 1 year	<u>869</u>
	<u><u>869</u></u>

b. Guarantees

Paria is a Guarantor on TPHL's senior secured loan issuances, comprising a US\$603 million term loan facility with a Syndicate of banks and US\$570.265 million (2026s) 144A and Reg S series international Notes. Senior lenders have a security interest in and continuing lien on all of Paria's right, title and interest in and to certain of the Company's assets, as per Security Agreement 2.1(a).

The Company is also subject to a number of negative covenants, including restrictions on the Company's ability to create liens, limitations on additional indebtedness, dividends and/or restricted payments, asset sales and sale and leaseback transactions, limitations surrounding capital expenditure and investments, transactions with Affiliates (including Petrotrin), negative pledges as well as conditions for mandatory prepayments.

#### 21. Commitments

a. Sales commitments

The Company has entered into long-term sales contracts with a number of its customers. At the reporting date, these amounted to approximately \$1.1B. This is for the delivery of contracted volumes. The selling price used to value the commitment is a formula based on Platt's reference price, which is then forecasted based on Petroleum Institute Research Associates forecasts. Sales price at the actual date of sale is based on the pricing formula referenced to the Platt's posting.

## Paria Fuel Trading Company Limited

### Notes to the Financial Statements

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#### 21. Commitments (continued)

b *Purchases commitments*

Purchases commitments as at September 30, 2019 amounted to approximately \$3.9B.

<b>Product</b>	<b>Barrels (‘000)</b>	<b>\$’000</b>
GasOil	4,242	1,663,344
Mogas 95 RON	2,382	888,900
Mogas 92 RON	2,533	975,186
JET	719	395,941
Fuel Oil	73	20,899
<b>Total</b>	<b>9,949</b>	<b>3,944,270</b>

#### 22. Summary of significant accounting policies

This Note provides a list of the significant accounting policies adopted in the preparation of financial statements to the extent they have not already been disclosed in the other Notes above.

a. *Basis of preparation*

(i) *Compliance with IFRS*

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to Companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) *Historical cost convention*

The financial statements have been prepared on a historical cost basis, except for assets and liabilities associated with the assets classified as held for sale.

(iii) *New standards, amendments and interpretations adopted by the Company*

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing December 1, 2018:

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

**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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**22. Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(iv) *New standards, amendments and interpretations not yet adopted by the Company*

<b>Title</b>	<b>Key Requirements</b>	<b>Impact</b>	<b>Effective Date</b>	<b>Mandatory application date/ Date of adoption by Company</b>
IFRS 16 Leases	IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the Statement of Financial Position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities.	The standard will affect primarily the accounting of the Company's operating leases.	Effective for annual periods beginning on or after January 1, 2019  Early adoption is permitted only if IFRS 15 is adopted at the same time.	The Company will apply the standard from its mandatory adoption date of January 1, 2019  The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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**22. Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(iv) *New standards, amendments and interpretations not yet adopted by the Company*

<b>Title</b>	<b>Key Requirements</b>	<b>Impact</b>	<b>Effective Date</b>	<b>Mandatory application date/ Date of adoption by Company</b>
	<p>Only the part of the payments that reflects interest can continue to be presented as operating cash flows.</p> <p>The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration.</p>	<p>The impact of IFRS 16 has not yet been determined.</p>		

**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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**22 Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(iv) *New standards, amendments and interpretations not yet adopted by the Company (continued)*

<b>Title</b>	<b>Key Requirements</b>	<b>Impact</b>	<b>Effective Date</b>
Annual Improvements to IFRS Standards 2015-2017 Cycle	The following improvements were finalised in December 2017: <ul style="list-style-type: none"><li>• IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.</li><li>• IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.</li><li>• IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.</li><li>• IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.</li></ul>	No impact	Effective for annual periods beginning on or after January 1, 2019

**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

**September 30, 2019**

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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**22. Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(iv) *New standards, amendments and interpretations not yet adopted by the Company (continued)*

<b>Title</b>	<b>Key Requirements</b>	<b>Impact</b>	<b>Effective Date</b>
Plan Amendment, Curtailment or Settlement – Amendments to IAS 19	<p>The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:</p> <ul style="list-style-type: none"><li>• calculate the current service cost and net interest for the remainder of the reporting year after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change</li><li>• any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling</li><li>• separately recognise any changes in the asset ceiling through other comprehensive income.</li></ul>	No impact	Effective for annual periods beginning on or after January 1, 2019

**Paria Fuel Trading Company Limited**

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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**22. Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(iv) *New standards, amendments and interpretations not yet adopted by the Company (continued)*

<b>Title</b>	<b>Key Requirements</b>	<b>Impact</b>	<b>Effective Date</b>
Interpretation 23 Uncertainty over Income Tax Treatments	<p>The interpretation explains how to recognise, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:</p> <ul style="list-style-type: none"><li>• how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty</li><li>• that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored</li><li>• that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment</li><li>• that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.</li></ul> <p>While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.</p>	No impact	Effective for annual periods beginning on or after January 1, 2019

**Paria Fuel Trading Company Limited**

**Notes to the Financial Statements**

**September 30, 2019**

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

**22 Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(iv) *New standards, amendments and interpretations not yet adopted by the Company (continued)*

<b>Title</b>	<b>Key Requirements</b>	<b>Impact</b>	<b>Effective Date</b>
<i>Prepayment Features with Negative Compensation – Amendments to IFRS 9</i>	The narrow-scope amendments made to AASB 9 Financial Instruments in December 2017 enable entities to measure certain prepaid financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be ‘reasonable compensation for early termination of the contract’ and the asset must be held within a ‘held to collect’ business model.	No impact	Effective for annual periods beginning on or after January 1, 2019
Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28	The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128 Investments in Associates and Joint Ventures.	No impact	Effective for annual periods beginning on or after January 1, 2019
<i>Definition of a Business – Amendments to IFRS 3</i>	The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term ‘outputs’ is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes return in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.	No impact	Effective for annual periods beginning on or after January 1, 2020

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**22. Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(iv) *New standards, amendments and interpretations not yet adopted by the Company (continued)*

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

**Paria Fuel Trading Company Limited**

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

**22. Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(iv) *New standards, amendments and interpretations not yet adopted by the Company (continued)*

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

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**22. Summary of significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(iv) *New standards, amendments and interpretations not yet adopted by the Company (continued)*

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

b. *Foreign currency translation*

(i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The United States dollar is the Company's functional currency. The financial statements are presented in Trinidad and Tobago dollars, rounded to the nearest thousand, which is the Company's presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/ (losses).

**22. Summary of significant accounting policies (continued)**

b. *Foreign currency translation (continued)*

(i) *Transactions and balances (continued)*

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

c. *Property, plant and equipment (Note 5 a.)*

d. *Current and deferred income tax (Note 6 b.)*

e. *Inventory (Note 7 a.)*

f. *Trade and other receivables (Note 8 a.)*

g. *Cash and cash equivalents (Note 9 a.)*

h. *Share Capital (Note 11 a.)*

i. *Provisions (Note 12 a.)*

j. *Trade and other payables (Note 13 a.)*

k. *Revenue recognition (Note 14 a.)*

l. *Leases*

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 (net of any incentives received from the lessor) are charged to the parent and consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

m. *Impairment of non- financial assets*

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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#### **23. Subsequent events**

- (a) Beginning in January 2020, global financial markets experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on global and local economies, financial markets and sectors, and specific industry in which the Company operates is uncertain at this point. However, during this period the Company has continued to work with the preferred bidder to advance the Sale & Purchase Agreement (SPA).
  
- (b) At the date of issue of the financial statements the planned sale was not concluded.