## Trinidad & Tobago National Petroleum Marketing Company Limited and Its Subsidiaries

**Consolidated Financial Statements**

**31 March 2010**

(Presented in thousands of Trinidad and Tobago Dollars)



Date Laid Senate
Feb 07 2012

## Trinidad & Tobago National Petroleum Marketing Company Limited and its Subsidiaries

**Contents** **Page**

pwc

## Independent Auditor's Report

To the shareholders of
Trinidad & Tobago National Petroleum Marketing Company Limited

### Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Trinidad & Tobago National Petroleum Marketing Company Limited (the Company) and its subsidiaries (together, the Group) which comprise the consolidated statement of financial position as of 31 March 2010 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the consolidated financial statements

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

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**CB Wharfe (Senior Partner), F Aziz Mohammed, WK Daniel, A Gopaulsingh, BA Hackett, H Mohammed, F Parsotan, S Ragobar, SW Ramirez, A West**

*PricewaterhouseCoopers, PO Box 550, 11-13 Victoria Avenue, Port of Spain, Trinidad, West Indies*
*T: +1 (868) 299 0700, F: +1 (868) 623 6025,* www.pwc.com/tt

**Independent Auditor's Report (Continued)**

**Opinion**

In our opinion the consolidated financial statements present fairly, in all material respects the financial position of the Group as of 31 March 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
2 December 2011
Port of Spain
Trinidad, West Indies

## Trinidad & Tobago National Petroleum Marketing Company Limited and its Subsidiaries

### Consolidated statement of financial position

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

| | Notes | 2010 | 31 March 2009 Restated | 2008 Restated |
|---|---|---|---|---|
| | | $ | $ | $ |
| **ASSETS** | | | | |
| **Non-Current Assets** | | | | |
| Property, plant and equipment | 5 | 404,536 | 380,125 | 333,857 |
| Retirement benefit asset | 6 | 186,920 | 176,778 | 161,247 |
| Deferred income tax assets | 15 | 26,247 | 38,464 | 18,737 |
| Fixed deposits | 7 | 10,340 | 340 | 10,340 |
| | | 628,043 | 595,707 | 524,181 |
| **Current Assets** | | | | |
| Property, plant and equipment | 5 | 10 | 198 | -- |
| Inventories | 8 | 189,408 | 145,853 | 211,792 |
| Trade and other receivables | 11 | 1,985,302 | 1,604,674 | 921,565 |
| Taxation recoverable | | 36,074 | 33,535 | 33,259 |
| Fixed deposits | 7 | -- | 10,000 | -- |
| Cash and cash equivalents | 12 | 357,619 | 151,462 | 224,689 |
| | | 2,568,413 | 1,945,722 | 1,391,305 |
| **Non-Current Assets classified as Held for Sale** | | | | |
| Vessels | 13 | -- | 372 | 372 |
| | | -- | 372 | 372 |
| **Total Assets** | | 3,196,456 | 2,541,801 | 1,915,858 |

## Trinidad & Tobago National Petroleum Marketing Company Limited and its Subsidiaries

### Consolidated statement of financial position (continued)

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

| | Notes | 2010 | 31 March 2009 Restated | 2008 Restated |
|---|---|---|---|---|
| | | $ | $ | $ |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and Reserves attributable to Equity Holders of the parent Company** | | | | |
| Share capital | 14 | 47,100 | 47,100 | 47,100 |
| Translation Reserve | | 1,574 | -- | -- |
| Retained earnings | | 311,043 | 258,959 | 328,398 |
| **Total Equity** | | 359,717 | 306,059 | 375,498 |
| **Non-Current Liabilities** | | | | |
| Post employment medical plan obligation | 6 | 28,697 | 25,155 | 21,769 |
| Deferred tax liabilities | 15 | 49,354 | 46,530 | 41,931 |
| Provision for environmental clean-up costs | 16 | 33,452 | 36,368 | 33,557 |
| Provision for dismantlement cost | 17 | 9,786 | 12,765 | 9,348 |
| Deferred government grant | 18 | 159,084 | 117,157 | 100,339 |
| Pension and termination benefits | | -- | -- | 475 |
| | | 280,373 | 237,975 | 207,419 |
| **Current Liabilities** | | | | |
| Trade and other payables | 19 | 2,514,063 | 1,938,723 | 1,274,379 |
| Liabilities associated with held for sale assets | | -- | -- | 9,815 |
| Provision for environmental clean-up costs | 16 | 5,590 | 7,700 | 7,700 |
| Deferred government grants | 18 | -- | 5,908 | -- |
| Taxation | | 20,769 | 29,492 | 25,103 |
| Dividends payable | | 15,944 | 15,944 | 15,944 |
| | | 2,556,366 | 1,997,767 | 1,332,941 |
| **Total Liabilities** | | 2,836,739 | 2,235,742 | 1,540,360 |
| **Total Equity and Liabilities** | | 3,196,456 | 2,541,801 | 1,915,858 |

Refer to note 2.2 for more information on the restatement of these consolidated financial statements.

The Notes on pages 8 to 48 are an integral part of these consolidated financial statements.

On 14 September 2011, the Board of Directors of Trinidad and Tobago National Petroleum Marketing Company Limited authorised these consolidated financial statements for issue.

______________ Director          ______________ Director

# Trinidad & Tobago National Petroleum Marketing Company Limited and its Subsidiaries

## Consolidated statement of comprehensive income

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

| | Notes | Year ended 31 March 2010 $ | 2009 Restated $ |
|---|---|---|---|
| **Continuing Operations** | | | |
| Gross sales | | 2,714,610 | 3,012,832 |
| Customs and excise duties | | (1,327) | (2,813) |
| Net sales | | 2,713,283 | 3,010,019 |
| Cost of sales | 20 | (2,379,674) | (2,797,161) |
| **Gross profit** | | 333,609 | 212,858 |
| Other income | 21 | 64,481 | 46,327 |
| | | 398,090 | 259,185 |
| Distribution costs | | (22,988) | (24,991) |
| Administration costs | | (106,024) | (100,494) |
| Other expenses | 22 | (155,681) | (172,004) |
| Finance cost | 23 | (38,072) | (26,039) |
| **Profit/(loss) before taxation from continuing operations** | | 75,325 | (64,343) |
| Taxation | 24, 25 | (22,777) | 1,772 |
| **Profit/(loss) for the year from continuing operations** | | 52,548 | (62,571) |
| **Discontinued Operations** | | | |
| Loss before taxation from discontinued operations | 25 | (619) | (9,158) |
| Tax on discontinued operations | 25 | 155 | 2,290 |
| **Loss for the year from discontinued operations** | | (464) | (6,868) |
| **Profit/(loss) for the year** | | 52,084 | (69,439) |
| **Total Comprehensive Income for the year** | | 52,084 | (69,439) |

Refer to note 2.2 for more information on the restatement of these consolidated financial statements.

The Notes on pages 8 to 48 are an integral part of these consolidated financial statements.

## Trinidad & Tobago National Petroleum Marketing Company Limited and its Subsidiaries

### Consolidated statement of changes in equity

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

| | Share Capital $ | Retained Earnings $ | Translation Reserve $ | Total $ |
|---|---|---|---|---|
| Balance at 1 April 2008 as previously reported | 47,100 | 327,672 | -- | 374,772 |
| Restatement (Note 2.2) | -- | 726 | -- | 726 |
| Balance at 1 April 2008 (restated) | 47,100 | 328,398 | -- | 375,498 |
| Comprehensive Income for the year (restated) | | | | |
| Loss for the year (restated) | -- | (69,439) | -- | (69,439) |
| Balance as at 31 March 2009 (restated) | 47,100 | 258,959 | -- | 306,059 |
| | | | | |
| Balance as at 1 April 2009 | 47,100 | 258,959 | -- | 306,059 |
| Comprehensive Income for the year | | | | |
| Translation of foreign subsidiary | -- | -- | 1,574 | 1,574 |
| Profit for the year | -- | 52,084 | -- | 52,084 |
| Balance as at 31 March 2010 | 47,100 | 311,043 | 1,574 | 359,717 |

Refer to note 2.2 for more information on the restatement of these consolidated financial statements.

The Notes on pages 8 to 48 are an integral part of these consolidated financial statements.

## 1 General information

The parent company is incorporated in the Republic of Trinidad and Tobago and is primarily engaged in the marketing and manufacture of petroleum and petroleum related products. The Company is wholly owned by the Government of Trinidad and Tobago. Shares are owned by the Ministry of Finance and ultimately controlled by the Government of Trinidad and Tobago. The registered office is NP House, National Drive, Sea Lots, Port of Spain.

Natpet Investments Company Limited is a wholly owned subsidiary of the parent company and is incorporated in the Republic of Trinidad and Tobago. Its primary business activity is the filling of LPG cylinders. The address of its registered office is NP House, Sea Lots, Port of Spain. National Agro Chemicals Limited is a wholly owned subsidiary of the parent company, and is incorporated in the Republic of Trinidad and Tobago. It is primarily engaged in the manufacture and sale of agricultural and industrial chemicals. The address of its registered office is NP House, Sea Lots, Port of Spain. These financial statements were prepared on a going concern basis.

Natstar Manufacturing Company Limited is a wholly owned subsidiary of the parent company and is incorporated in the Republic of Trinidad and Tobago. It is primarily engaged in the manufacture of steel drums and refurbishing of LPG cylinders. The address of its registered office is NP House, Sea Lots, Port of Spain. The stand alone financial statements were prepared and included in the consolidated financial statements on the break-up basis.

The approval by the Board of Directors for the liquation of National Agro Chemicals Limited and Natstar Manufacturing Company Limited was granted on 21 July 2007. The filing of the statutory declaration of solvency was performed on 18 June 2009 and liquidation proceedings commenced in the current year and are currently ongoing. It is expected that the Companies would be fully liquated within the next financial year. The stand alone financial statements were prepared and included in the consolidated financial statements on the break-up basis.

Natpetrol (Saint Maarten) N.V is a wholly owned dormant subsidiary of the parent company and is incorporated in the Saint Maarten.

Natpet (Saint Maarten) N.V is a wholly owned dormant subsidiary of the parent company and is incorporated in the Saint Maarten.

These financial statements have been approved for issue by the Board of Directors on 14 September 2011.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation (continued)

a) *New and amended standards adopted by the Group*

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2009. The Group has adopted these amended IFRSs as of 1 April 2009.

- IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The change in accounting policy only results in additional disclosures; these have been made where necessary.

- IAS 1 (revised) – 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. The change in accounting policy only impacts presentation aspects and the Group has made these changes where necessary.

- IAS 19 (Amendment), 'Employee benefits' – The amendment is part of the IASB's annual improvements project published in May 2008.
  - The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
  - The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
  - The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
  - IAS 37, 'Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

  The Group did not have any plan amendments during the financial year, all other amendments to IAS 19 were taken into consideration by the Group's actuaries when calculating the IAS 19 figures.

## 2 Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

*a) New and amended standards adopted by the Group (continued)*

There are a number of minor amendments to IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the group's accounts and have therefore not been analysed in detail.

- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance'. The benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, and the proceeds received with the benefit accounted for in accordance with IAS 20. The group applies IAS 20; however, this particular amendment did not have an impact on the Group's operations as grants that are received from the government do not come with repayment obligations.

IAS 36 (Amendment), 'Impairment of assets' – The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group has applied the IAS 36 (Amendment) and provided the required disclosure where applicable for impairment tests from 1 April 2009.

*b) Standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods but the Group has not early adopted these.

- IAS 1 (amendment), 'Presentation of financial statements' – The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. This amendment is not expected to impact on the Group's financial statements.

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

2.1 **Basis of preparation (continued)**

*b) Standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)*

- IFRIC 17, 'Distribution of non-cash assets to owners' - (effective on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group will apply IFRS 17 (amendment) from 1 April 2010 if applicable. However, it is not expected to have a material impact on the Group's financial statements.

- IAS 7 (amendment) ,'Statement of cash flows' - The guidance has been amended to clarify that only expenditure that results in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities. The practical implications are that it can result in an improvement in the alignment of the classification of cash flows from investing activities in the statement of cash flows and the presentation of recognised assets in the statement of financial position. The effective date is annual periods beginning on or after 1 January 2010. This amendment is not expected to impact on the Group's financial statements.

- IAS 17, amendment 'Leases' - When a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with IAS 17's general principles. Prior to the amendment, IAS 17 generally required a lease of land with an indefinite useful life to be classified as an operating lease, unless title passed at the end of the lease term. However, the IASB has concluded that this is inconsistent with the general principles of lease classification, so the relevant guidance has been deleted. A lease newly classified as a finance lease should be recognised retrospectively. The practical implications are that long leases of land may sometimes be classified as finance leases, an entity should reassess the classification of the land elements of unexpired leases and where reclassification is necessary, an entity will need to establish if it has the necessary information to apply the new classification retrospectively. If not, it is applied at the date when the entity applies the amendment, using the fair values of the asset and liability on that date, with the difference recognised in retained earnings. The effective date is annual periods beginning on or after 1 January 2010. Earlier adoption is permitted. However, it is not expected to have a material impact on the Group's financial statements.

- IFRS 5 (amendment), 'Measurement of non-current assets held for sale and discontinued operation' –The amendment provides clarification that IFRS 5 specifies the disclosures required for assets held for sale and discontinued operations. Disclosure in other IFRSs do not apply unless those IFRSs require disclosure specifically in relation to assets held for sale and discontinued operations or disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5. The practical implication is that disclosures could be reduced in certain situations. It is not expected to have a material impact on the group's financial statements.

## 2 Summary of significant accounting policies (continued)

### 2.2 Prior period misstatement

#### (a) Vat Added Tax – 2008 and 2009 impact

A Value Added Tax (VAT) audit concluded in the financial year, indicated that VAT was not billed on sales to certain local customers and as such was not paid to the Board of Inland Revenue (BIR).

The non-billing of VAT constitutes an error as defined in IAS 8: Accounting policies, changes in accounting estimates and errors (IAS 8) and was corrected by restating the 2008 trade and other payables to increase the balance by $31,462 with the corresponding entry to retained earnings. The $31,462 represents the actual VAT payable, along with the interest and penalties for the periods up to 31 March 2008.

The impact on the 2009 was $42,248, this represents the actual VAT payable, along with the interest and penalties for the periods up to 31 March 2009. The impact on the 2009 statement of comprehensive income was $10,786. The impact was split between finance cost and other expenses. The finance cost impact was $5,903 for penalties and interest and $4,883 for vat expense was included in other income.

#### (b) Property Plant and Equipment (PPE) – Restatement of fully depreciated PPE still in use – 2008 and 2009 impact

There were assets that were fully depreciated in prior periods but were still in use as at 31 March 2010.

Due to the lack of compliance with IAS 16: Property, plant and equipment, (IAS 16) which requires that the useful lives of assets be reviewed at every balance sheet date, the financial statements were restated in accordance with IAS 8 to correct the allocation of depreciation charged to the statement of comprehensive income in prior years.
The impact of the adjustments resulted in the increase of the 2008 PPE balance by $42,918, with the corresponding entry to retained earnings.

The impact of the adjustment resulted in the increase 2009 PPE balance by $41,255. The 2009 statement of comprehensive income impact was $1,663 which represented an increase in depreciation. The increase was due to assets whose useful lives were extended.

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

2.2 **Prior period misstatements (continued)**

(c) **Restatement for depreciation on PPE items in use, but classified as work in progress (WIP) – 2009 impact**

There were assets included in WIP amounting to $30,721 that were in use in previous financial periods. A restatement to the financial statements was done in accordance with IAS 8 to transfer these completed assets from WIP to completed assets and to recognise the depreciation of these assets.

This correction of this error resulted in an increase in the depreciation charge of $4,069, and a reclassification of assets valued at 30,721 from WIP to completed assets.

(d) **PPE – Restatement for PPE items whose existence could not be physically verified – 2009 impact**

Work in progress brought forward from the previous financial year, valued at $5,100 could not be physically verified.

A restatement was done to expense the amount to the statement of comprehensive income with the corresponding entry to PPE.

(e) **Net deferred tax liability – 2008 and 2009 impact**

The deferred income tax asset and liability was restated by $10,730 in 2008. This was the tax effect of the restatement described in (b) - "Restatement of fully depreciated PPE still in use" above. The restatement changed the accelerated depreciation from a deferred tax asset of $9,111 to a deferred liability of $1,619.

In 2009, the deferred tax liability was restated for the impact noted in 2008 of $10,730 (explained above) and also for the impact of the other restatements to PPE noted in (c) and (d) above and further explained below:

- **"PPE – Restatement of fully depreciated PPE still in use"** Refer to (b) above. The tax impact of the restatement above resulted in an increase in the deferred tax asset on accelerated depreciation by $416.

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

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

2.2 **Prior period misstatements (continued)**

(e) **Net deferred tax liability – 2008 and 2009 impact (continued)**

- **"Restatement for depreciation on PPE items in use, but classified as work in progress (WIP)"** Refer to (c) above

The restatement increased the depreciation charge by $4,069 and increased the wear and tear allowance by $5,773. This resulted in an increase in the deferred tax asset of $290 and an increase in the deferred tax liability of $716. There was also an increase in the deferred tax asset on taxable losses by $1,444.

-**"PPE – Restatement of PPE items whose existence could not be physically verified"** Refer to (d) above
The tax impact of the restatement increased the deferred tax asset by $1,275.

(f) **Taxation expense**

The tax expense was restated for the restatements in the deferred tax as described in (e) above.

| 31 March 2008 | Balance before restatement $ | Restatement 2008 $ | Balance after restatement $ |
|---|---|---|---|
| **Statement of Financial Position** | | | |
| Trade and other payables (Note a) | (1,242,917) | (31,462) | (1,274,379) |
| Property Plant and Equipment (Note b) | 290,939 | 42,918 | 333,857 |
| Deferred Tax Liability (Note e) | (40,312) | (1,619) | (41,931) |
| Deferred Tax Assets (Note e) | 27,848 | (9,111) | 18,737 |
| Retained Earnings | 327,672 | 726 | 328,398 |

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 2 Summary of significant accounting policies (continued)

### 2.2 Prior period misstatement (continued)

| **31 March 2009** | **Balance before restatement $** | **Restatement 2009 $** | **Balance after restatement $** |
|---|---|---|---|
| **Statement of Financial Position** | | | |
| Trade and other payable (Note a) | (1,896,475) | (42,248) | (1,938,723) |
| Property Plant and Equipment (Note b, c, d) | 348,237 | 32,086 | 380,323 |
| Deferred Tax Liability (Note e) | (44,195) | (2,335) | (46,530) |
| Deferred Income Tax Asset (Note e) | 44,150 | (5,686) | 38,464 |
| Retained Earnings | 277,142 | (18,183) | 258,959 |
| **Year ending 31 March 2009** | | | |
| **Statement of Comprehensive Income** | | | |
| Other Income (Note a) | 51,210 | (4,883) | 46,327 |
| Finance costs (Note a) | (20,136) | (5,903) | (26,039) |
| Other Expenses (Note b, c, d) | (161,172) | (10,832) | (172,004) |
| Taxation Expense (Note f) | 1,353 | 2,709 | 4,062 |
| Effect on Statement of Comprehensive Income | | (18,909) | |

## 2 Summary of significant accounting policies (continued)

### 2.3 Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of Subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of Subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### 2.4 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income in the year in which they occur.

Foreign exchange gains and losses that relate to and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income in the year in which they occur.

## 2 Summary of significant accounting policies (continued)

### 2.5 Property, plant and equipment

Land is shown at cost and is not depreciated.

Dismantlement costs are shown at net present value less depreciation.

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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis at rates set out below to allocate the cost of assets to their residual values, over their estimated useful lives as follows:

| | | |
|---|---|---|
| Buildings | - | 5% |
| Plant and machinery | - | 5% - 20% |
| Cylinders and other equipment | - | 10% - 20% |
| Motor vehicles | - | 25% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the 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 (Note 2.6).

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of comprehensive income.

### 2.6 Impairment of non-financial assets

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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2 Summary of significant accounting policies (continued)

### 2.7 Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the end of the reporting period. These are classified as non-current assets. The Group's receivables are classified as 'trade and other receivables" in the statement of financial position (Note 2.10).

### 2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### 2.9 Inventories

All inventories are stated at the lower of cost and net realisable value.

Cost is determined by the standard costing method for all inventory categories except for Main Products which are valued at FIFO and Material Stores Inventory which are valued at weighted average cost.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and applicable variable selling expenses. The Standard Costs are continuously monitored and are updated to actual cost.

### 2.10 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

## 2 Summary of significant accounting policies (continued)

### 2.10 Trade receivables (continued)

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income within 'Expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of comprehensive income the amount(s) in 'Operating Expenses'.

### 2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### 2.12 Share capital

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

### 2.13 Employee benefits

#### (i) Retirement benefit asset

The Group does not have any defined contribution plans. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

## 2 Summary of significant accounting policies (continued)

### 2.13 Employee benefits (continued)

#### (i) Retirement benefit asset (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to equity in other comprehensive income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

#### (ii) Post employment medical plan

The Group provides post-employment healthcare benefits to its retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income over the expected average remaining working lives of the related employees.

#### (iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either; terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

#### (iv) Bonus scheme

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### 2.14 Trade payables

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

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

## 2 Summary of significant accounting policies (continued)

### 2.15 Provisions

Provisions for environmental restoration, restructuring costs, dismantlement costs, legal claims and all other provisions are recognised when the Group 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. Restructuring provisions comprise employee termination payments. 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.

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

### 2.16 Grants in respect of the service station upgrade

Grants from the Government, provided by the Government in the capacity as the Government and not the shareholder, are recognised at their fair value when they are received as the Group would have complied with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated statement of comprehensive income on a straight line basis over the expected lives of the related assets.

**Other Government Grants**

The Company also recognises grants in respect to expenses already incurred. This grant is recognised in the statement of comprehensive income in it period in which it becomes receivable. See note 18.

### 2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, 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 in equity, respectively.

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

## 2 Summary of significant accounting policies (continued)

### 2.19 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 are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

### 2.20 Dividend distribution

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

### 2.21 Non Current Assets held for sale

Non Current Assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

## 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The risk management is carried out by the Treasury Department. The Group at this time does not use derivative financial instruments to hedge its risk exposure.

(i) Market risk

(a) Foreign exchange risk

The Group operates regionally and is exposed to foreign exchange risk primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group manages its foreign exchange positions by matching foreign currency assets with foreign currency liabilities.

As at 31 March 2010, if the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, post tax profit for the year would have been $10 (2009: $65) higher/lower, mainly as a result of foreign exchange gains/loss on translation of US dollar denominated trade receivables and foreign exchange losses/gains on translation of US dollar denominated payables.

## 3 Financial risk management

### 3.1 Financial risk factors (continued)

(i) Market risk (continued)

(b) Price risk

Due to the nature of the Group's operations, there is no significant exposure to price risk.

(c) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and core operating cash flows are substantially independent of changes in market interest rates. The Group has no long term loans and its investments are short term. As such the Group's exposure to cash flow and fair value interest rate risk is minimal.

(ii) Credit risk

Credit risk arises from cash and cash equivalent deposits with banks and financial institutions as well as credit exposure to wholesale and retail customers, including outstanding receivables and other committed transactions. For banks and financial institutions only organisations which the Group deems reputable are accepted.

The Group considers its credit risk with trade debtors to be limited due to the large number of customers comprising the Group's customer base. Individual credit limits are approved by the Credit Committee and are monitored on an ongoing basis. These are determined based on evaluations of customers' financial situation, past experience and other factors. The exposure of potential losses from granting credit is also monitored on an ongoing basis. Refer to notes 9 and 10 for additional information.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Group has appropriate policies in place to ensure proper management of liquidity. These include a government subsidy arrangement for key products, government grants and a special payment arrangement with the Group's main supplier. The Group is not currently financed by borrowings. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these.

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

3 **Financial risk management (continued)**

3.1 **Financial risk factors (continued)**

(iii) Liquidity risk (continued)

The table below analyses the Group's financial liabilities into the relevant maturity groupings based on the remaining period at the end of the reporting period to the 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.

| **31 March 2010** | **0 – 60 days $** | **61 – 365 days $** |
|---|---|---|
| Trade and other payables | 2,514,063 | -- |
| Dividend Payable | 5,000 | 10,944 |
| Total | 2,519,063 | 10,944 |

| **31 March 2009** | **0 – 60 days $** | **61 – 365 days $** |
|---|---|---|
| Trade and other payables | 1,938,723 | -- |
| Dividend Payable | -- | 15,944 |
| Total | 1,938,723 | 15,944 |

## 3 Financial risk management (continued)

### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group does not monitor gearing ratio as it presently has no borrowings.

### 3.3 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## 4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Income taxes

There are some transactions and calculations for which the ultimate tax determination may be uncertain during the ordinary course of business. When the final tax outcome is determined, the amounts payable may be different from the amounts that were initially recorded. Such differences will impact the current and deferred tax provisions in the consolidated financial statements.

## 4 Critical accounting estimates and judgments

### 4.1 Critical accounting estimates and assumptions (continued)

(b) Retirement benefit asset/Post employment medical plan

Certain actuarial and economic assumptions used in determining pension obligations and pension plan assets include: discount rates, long-term rates of return for plan assets, market estimates and rates of future compensation increases. Material changes in overall financial performance and the carrying amount of the pension obligations may arise because of revised assumptions to reflect updated historical information and updated economic conditions, in the material assumptions underlying this estimate.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of the estimated future cash outflows, expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high quality bonds that are denominated in the currency in which the benefits will be paid, and that have the terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 6.

(c) Provision for environmental clean-up costs

The provision for environment clean-up costs was determined using reliable estimates of future cash outflows expected to be incurred to undertake the remediation project. Management uses their judgement in arriving at these estimates and the assumptions used may change over time. The key assumptions relate to estimated level of contamination, expected inflation and the expected time and technology required to complete the project.

The inflation and discounting rate used in the calculation of the provision for environmental clean up cost were 5% and 7.5% respectively. If the inflation rate increased by 1% and the discount factor increased by 1% the profit will decrease by $21, but if the inflation rate decreased by 1% and the discount factor decreased by 1% the profit will increase by $21.

Additional information on the provision for environmental clean-up costs is disclosed in Note 16.

(d) Provision for dismantlement cost

The provision for dismantlement cost was determined by using estimates of future cash flows expected to be incurred to dismantle service stations where the Group owns equipment. Management uses their judgement in arriving at these estimates and the estimates and assumptions may change over time. The key cost assumption is based on actual past costs incurred to dismantle service stations, expected inflation, discounting rate and the expected time and manpower required to complete the dismantlement.

The inflation and discounting rate used in the calculation of the provision for dismantlement were 5% and 7.5% respectively. If the inflation rate increased by 1% and the discount factor increased by 1% the profit will decrease by $48, but if the inflation rate decreased by 1% and the discount factor decreased by 1% the profit will increase by $48.

Additional information on the provision for dismantlement cost is disclosed in Note 17.

## Notes to the consolidated financial statements (continued)
**31 March 2010**
(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

5 **Property, plant and equipment**

| | Land and Buildings $ | Plant and Machinery $ | Cylinders and Other Equipment $ | Motor Vehicles $ | Work In Progress $ | Total $ |
|---|---|---|---|---|---|---|
| **At 31 March 2008 (Restated)** | | | | | | |
| Cost | 162,620 | 146,348 | 189,983 | 10,122 | 101,977 | 611,050 |
| Accumulated depreciation | (62,115) | (104,285) | (104,183) | (6,610) | -- | (277,193) |
| Net book value | 100,505 | 42,063 | 85,800 | 3,512 | 101,977 | 333,857 |
| **Year ended 31 March 2009 (Restated)** | | | | | | |
| Opening net book value | 100,505 | 42,063 | 85,800 | 3,512 | 101,977 | 333,857 |
| Additions | -- | 51 | 72 | -- | 89,331 | 89,454 |
| Transfers | 29,715 | 36,486 | 25,066 | 15,603 | (106,887) | (17) |
| Disposals | -- | (35) | (102) | (9) | -- | (146) |
| Dismantlement Cost | (83) | 2,594 | -- | -- | -- | 2,511 |
| Revaluations | -- | (66) | -- | -- | -- | (66) |
| Write off of work in progress | -- | -- | -- | -- | (5,100) | (5,100) |
| Depreciation charge | (7,034) | (12,758) | (16,069) | (4,309) | -- | (40,170) |
| Net book value | 123,103 | 68,335 | 94,767 | 14,797 | 79,321 | 380,323 |
| Less Current portion | (47) | (104) | (47) | -- | -- | (198) |
| Non-current net book value | 123,056 | 68,231 | 94,720 | 14,797 | 79,321 | 380,125 |
| **At 31 March 2009 (Restated)** | | | | | | |
| Cost | 192,252 | 185,378 | 215,019 | 25,716 | 79,321 | 697,686 |
| Accumulated depreciation | (69,149) | (117,043) | (120,252) | (10,919) | -- | (317,363) |
| Net book value | 123,103 | 68,335 | 94,767 | 14,797 | 79,321 | 380,323 |
| Less Current portion | (47) | (104) | (47) | -- | -- | (198) |
| Non-current net book value | 123,056 | 68,231 | 94,720 | 14,797 | 79,321 | 380,125 |

## Notes to the consolidated financial statements (continued)
**31 March 2010**
(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

5 **Property, plant and equipment (continued)**

| | Land and Buildings $ | Plant and Machinery $ | Cylinders and Other Equipment $ | Motor Vehicles $ | Work In Progress $ | Total $ |
|---|---|---|---|---|---|---|
| **Year ended 31 March 2010** | | | | | | |
| Opening net book value | 123,103 | 68,335 | 94,767 | 14,797 | 79,321 | 380,323 |
| Additions | -- | -- | 122 | -- | 68,059 | 68,181 |
| Transfers | 12,970 | 9,627 | 20,721 | 43 | (43,192) | 169 |
| Disposals | (47) | (100) | (42) | -- | -- | (189) |
| Dismantlement Cost | 25 | (3,897) | -- | -- | -- | (3,872) |
| Depreciation charge | (7,873) | (10,686) | (15,274) | (4,745) | -- | (38,578) |
| Assets written off | -- | -- | -- | -- | (2,893) | (2,893) |
| Translation difference | 1,385 | 26 | -- | (13) | 7 | 1,405 |
| Net book value | 129,563 | 63,305 | 100,294 | 10,082 | 101,302 | 404,546 |
| Less Current portion | -- | (10) | -- | -- | -- | (10) |
| Non-current net book value | 129,563 | 63,295 | 100,294 | 10,082 | 101,302 | 404,536 |
| **At 31 March 2010** | | | | | | |
| Cost | 205,200 | 191,008 | 235,820 | 25,759 | 101,295 | 759,082 |
| Accumulated depreciation | (77,022) | (127,729) | (135,526) | (15,664) | | (355,941) |
| Translation difference | 1,385 | 26 | -- | (13) | 7 | 1,405 |
| Net book value | 129,563 | 63,305 | 100,294 | 10,082 | 101,302 | 404,546 |
| Less Current portion | -- | (10) | -- | -- | -- | (10) |
| Non-current net book value | 129,563 | 63,295 | 100,294 | 10,082 | 101,302 | 404,536 |

Depreciation expense of $38,578 (2009: $40,170) has been charged in operating expenses.

Included within PPE is a current amount portion of $10 (2009: $198), which represents assets held in two subsidiaries whose accounts were prepared on a break-up basis.

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

6 **Retirement benefit asset/post employment medical plan obligation**

The Company operates two defined benefit pension plans. Plan I (May 1971) covers employees other than senior staff whilst Plan II (May 1984) covers senior staff employees. Membership in these plans comprises all permanent employees (active members), deferred pensioners and pensioners. The independent trustee of Plan I is Republic Bank - Trust and Asset Management Division, whilst the trustee of Plan II is First Citizens Investment Services Limited. The pension plans are funded by contributions determined by periodic actuarial calculations.

Statement of financial position (asset)/obligation for:

| | 2010 $ | 2009 $ |
|---|---|---|
| Retirement benefit asset | (186,920) | (176,778) |
| Post-employment medical benefits | 28,697 | 25,155 |
| | (158,223) | (151,623) |
| Statement of comprehensive income credit (for Note 27) | | |
| Pension benefits | (2,819) | (8,170) |
| Post-employment obligation | 4,594 | 4,395 |
| | 1,775 | (3,775) |

**Retirement benefit asset**

The amounts recognised in the statement of financial position are as follows:

| | | |
|---|---|---|
| Fair value of plan assets | (463,583) | (424,144) |
| Present value of funded obligations | 368,010 | 325,868 |
| | (95,573) | (98,276) |
| Un-recognised loss | (91,347) | (78,502) |
| Asset in the statement of financial position | (186,920) | (176,778) |

The movement in the fair value of plan assets is as follows:

| | | |
|---|---|---|
| At beginning of year | 424,144 | 437,996 |
| Expected return of plan assets | 42,090 | 43,204 |
| Actuarial gain/(loss) | 3,155 | (45,476) |
| Company contributions | 7,323 | 7,361 |
| Members contributions | 3,641 | 3,724 |
| Benefits paid | (16,469) | (22,362) |
| Expenses paid | (301) | (303) |
| | 463,583 | 424,144 |

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

6 **Retirement benefit asset/post employment medical plan obligation (continued)**

**Retirement benefit asset (continued)**

The movement in the present value of funded obligations is as follows:

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| At beginning of year | 325,868 | 288,970 |
| Current service cost | 11,187 | 9,338 |
| Interest cost | 25,423 | 24,327 |
| Members' contributions | 3,641 | 3,724 |
| Benefit improvements | 255 | 1,369 |
| Actuarial gain | 18,406 | 20,805 |
| Benefits paid | (16,469) | (22,362) |
| Expenses paid | (301) | (303) |
| | 368,010 | 325,868 |

The amounts recognized in comprehensive income as follows:

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| Current service cost | (11,187) | (9,338) |
| Interest cost | (25,423) | (24,327) |
| Expected return on plan assets | 42,090 | 43,204 |
| Amortised net loss | (2,406) | -- |
| Past service cost | (255) | (1,369) |
| Net pension income, included in employee benefits (Note 27) | 2,819 | 8,170 |

The total credit, $2,819 (2009: $8,170) were included in other income in the statement of comprehensive income.

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| Expected return on plan assets | (42,090) | (43,204) |
| Actuarial (Gain)/Loss on plan assets | (3,155) | 45,476 |
| Actual return on plan assets | (45,245) | 2,272 |

Plan assets are comprised as follows:

| | 2010 | 2009 |
|---|---|---|
| Equity instruments | 28.90% | 31.7% |
| Debt instruments | 55.40% | 55.9% |
| Other | 15.70% | 12.40% |
| | 100% | 100% |

The expected return on the plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

6 **Retirement benefit asset/post employment medical plan obligation (continued)**

**Retirement benefit asset (continued)**

| **As at 31 March** | **2009/10** $ | **2008/9** $ | **2007/8** $ | **2006/7** $ | **2005/6** $ |
|---|---|---|---|---|---|
| Present value of defined benefit obligation | 368,010 | 325,868 | 288,970 | 271,429 | 258,600 |
| Fair value of plan assets | (463,583) | (424,144) | (437,996) | (412,157) | (404,900) |
| Deficit | (95,573) | (98,276) | (149,026) | (140,728) | (146,300) |
| Experience adjustment on plan liabilities | (16,674) | 1,458 | (3,456) | 11,929 | (3,984) |
| Experience adjustment on plan assets | 3,155 | (45,476) | (12,766) | 17,638 | (53,500) |

Expected Company Contribution in 2010/2011 $7,744

The movement in the net retirement benefit asset recognised in the statement of financial position is as follows:

| | **2010** $ | **2009** $ |
|---|---|---|
| At beginning of year | (176,778) | (161,247) |
| Net pension income | (2,819) | (8,170) |
| Contributions paid | (7,323) | (7,361) |
| At end of year | (186,920) | (176,778) |

The principal actuarial assumptions used for accounting purposes were:

| | | |
|---|---|---|
| Discount rate | 6.50% | 8.00% |
| Expected return on plan assets | 8.00% | 10.00% |
| Future salary increases | 5.75% | 7.25% |
| Pension increases | 0.00% | 0.0% |

The Rules of the Plans require the Company to pay contributions to the Plans at the minimum rate of 12% of members' earnings.

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 6 Retirement benefit asset/post employment medical plan obligation (continued)

### Post employment medical plan obligation

The method of accounting, assumptions and frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumption set out above, the main actuarial assumption is a long term increase in medical expense of 5.50% a year (2009:7.00%).

**Year ended 31 March 2010**

| Effect on | Aggregate Service and Interest Cost $ | Year End Defined Benefit Obligation $ |
|---|---|---|
| Medical expense increase by 1% pa | 855 | 5,784 |
| Medical expense decrease by 1 % pa | (672) | (4,680) |

**Year ended 31 March 2009**

| Effect on | Aggregate Service and Interest Cost $ | Year End Defined Benefit Obligation $ |
|---|---|---|
| Medical expense increase by 1% pa | 822 | 5,842 |
| Medical expense decrease by 1% pa | (645) | (4,722) |

The charge of, $4,594 (2009: $4,395) was included in other expenses in the statement of comprehensive income.

| | 2010 $ | 2009 $ |
|---|---|---|
| The amounts recognised in the statement of financial position are as follows: | | |
| Present value of defined benefit obligation | 34,612 | 34,766 |
| Unrealised loss | (5,915) | (9,611) |
| Liability in the statement of financial position | 28,697 | 25,155 |

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

6 **Retirement benefit asset/post employment medical plan obligation (continued)**

**Post employment medical plan obligation (continued)**

The amounts recognised in statement of financial position:

| | 2010 ($'000) | 2009 ($'000) |
|---|---|---|
| Current service cost | 1,445 | 1,299 |
| Interest cost | 2,740 | 2,680 |
| Amortised loss | 409 | 416 |
| Total expense (Note 27) | 4,594 | 4,395 |

The movement in the liability recognised in the statement of financial position is as follows:

| | 2010 | 2009 |
|---|---|---|
| At beginning of year | 25,155 | 21,769 |
| Total expense | 4,594 | 4,395 |
| Benefits paid | (1,052) | (1,009) |
| At end of year | 28,697 | 25,155 |

Expected benefit payable to post employment medical plan for the year 2010/11 $1,111

Experience History

| As at 31 March | 2009/10 $ | 2008/9 $ | 2007/8 $ | 2006/7 $ | 2005/06 $ |
|---|---|---|---|---|---|
| Present value of defined benefit obligation | 34,612 | 34,766 | 31,127 | 30,779 | 28,928 |
| Fair value of plan assets | -- | -- | -- | -- | -- |
| Deficit | 34,612 | 34,766 | 31,127 | 30,779 | 28,928 |
| Experience adjustment on plan liabilities | (3,287) | (669) | (2,391) | (675) | (2,886) |
| Experience adjustment on plan assets | -- | -- | -- | -- | -- |

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 7 Fixed Deposits

Fixed deposits are deposits held with financial institutions at 31 March 2010 which has been pledged as collateral security for loans advanced to employees under the Housing Aid Scheme. This deposit is valued at $340 (2009: $340).

In October 2009 a fixed deposit of $10,000 matured. Due to the financial constraints of the issuer the deposit has a structured settlement that would result in the deposit being re-paid over a period of 20 years. This investment is classified as a held to maturity investment.

## 8 Inventories

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| Goods for resale | 90,394 | 56,052 |
| Raw and packaging materials | 18,085 | 42,238 |
| Maintenance spares | 11,263 | 11,626 |
| Manufactured goods | 41,223 | 28,682 |
| Goods in transit | 28,543 | 7,255 |
| Provision for Inventory Write off | (100) | -- |
| | 189,408 | 145,853 |

The value of inventory recognised in the Statement of Comprehensive Income in 2010 is $3,900,265 (2009: $5,886,962).

The inventory provision as at 31 March 2010 of $100 was made at the end of the year and no inventory was impaired at the end of the prior year.

## 9 Financial instrument by category

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

| **Assets as per statement of financial position** | **Loans and receivables** | |
|---|---|---|
| Trade and other receivables excluding prepayments | 1,983,599 | 1,603,426 |
| Cash and cash equivalents | 357,619 | 151,462 |
| **Total** | 2,341,218 | 1,754,888 |

| | **Held to Maturity** | |
|---|---|---|
| Fixed Deposits | 10,000 | 10,000 |

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 9 Financial instrument by category (continued)

| | Financial Liabilities at Amortised Cost 31 March | |
|---|---|---|
| | 2010 | 2009 |
| | $ | $ |
| **Liabilities as per statement of financial position** | | |
| Trade and other payables excluding statutory liabilities | 2,512,166 | 1,895,643 |
| Dividends payable | 15,944 | 15,944 |
| **Total** | 2,528,110 | 1,911,587 |

## 10 Credit qualities of financial assets

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

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| Trade receivables | | |
| Counterparties without external credit ratings | | |
| Group 1 | 12,516 | 7,467 |
| Group 2 | 55,135 | 47,197 |
| Group 3 | 1,641,523 | 1,424,000 |
| Total trade receivables | 1,709,174 | 1,478,664 |

Group 1 – Existing customers (more than 6 months) with no defaults in the past
Group 2 – Existing customers (more than 6 months) with some defaults in the past
Group 3 – Existing customers with no rating
All defaults were fully recoverable.
None of the financial assets that are fully performing has been renegotiated in the last year.

Cash at Bank and Short Term Deposits.

All cash at bank and short-term bank deposits are deposited with reputable banking institutions.

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 11 Trade and other receivables

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| Trade receivables | 135,937 | 130,748 |
| Less: provision for impairment of receivables | (33,889) | (31,340) |
| Trade receivables - net | 102,048 | 99,408 |
| Sundry debtors and prepayments | 7,000 | 7,497 |
| VAT receivable | 269,128 | 118,514 |
| Other amounts receivable from the Government of Trinidad and Tobago (Note 28) | 73,471 | 52,136 |
| Subsidy claims due from the Government of Trinidad and Tobago (Note 28) | 1,533,655 | 1,327,119 |
| | 1,985,302 | 1,604,674 |

Included in Trade Receivables are the following related party receivables

| Trade and others receivables - related parties | 2010<br>$ | 2009<br>$ |
|---|---|---|
| Receivables from related parties | 33,090 | 20,758 |
| Less: provision for impairment of receivables | (6,158) | (5,765) |
| Net amounts due from related parties (Note 28) | 26,932 | 14,993 |

The fair values of trade and other receivables approximate their carrying amounts. The provision for impairment of receivables does not include impairment of receivables for related parties. The receivables from related parties are shown net of impairment. There is no significant concentration of credit risk with respect to trade receivables.

As of 31 March 2010, trade receivables of $67,651 (2009: $54,664) were fully performing.

Trade receivables that are between 1 and 720 days past due are not considered to be impaired. As of 31 March 2010, receivables of $34,397 (2009: $44,744) were past due but not impaired. A significant portion of these receivables relates to government entities. The ageing analysis of these trade receivables is as follows:

The ageing analysis of these trade receivables is as follows:

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| 1 to 90 days | 31,045 | 26,958 |
| 91 to 720 days | 3,352 | 17,786 |
| | 34,397 | 44,744 |

As of 31 March 2010, trade receivables of $2,387(2009: $1,609) were impaired and written off. The amount of the provision was $33,889 (2009: $31,340). The individually impaired receivables relate to customers who are in a difficult economic condition and customers whose debts are more than 720 days overdue.

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 11 Trade and other receivables (continued)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| **Currency** | | |
| TT dollar | 1,953,184 | 1,567,363 |
| US dollar | 27,219 | 29,907 |
| EC dollar | 4,899 | 7,404 |
| | 1,985,302 | 1,604,674 |

Movements on the Group provision for impairment of trade receivables are as follows:

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| As at 1 April | 31,340 | 28,002 |
| Provision for receivables impairment | 4,936 | 4,947 |
| Receivables written off during the year as uncollectible | (2,387) | (1,609) |
| As at 31 March | 33,889 | 31,340 |

The creation and release of provision for impaired receivables have been included in operating expenses in the Consolidated Statement of Comprehensive Income. Amounts charged to the allowance account are generally written off when there is not an expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

## 12 Cash and cash equivalents

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| Cash at bank and in hand | 353,216 | 147,221 |
| Short term bank deposits | 4,403 | 4,241 |
| | 357,619 | 151,462 |

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 13 Held for sale assets

Assets classified as held for sale relate to the Group's two aged vessels, the NP Enterprise and the NP Unity. These vessels were sold during the financial year

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| **Non-current assets** | | |
| NP Enterprise and NP Unity | -- | 372 |

## 14 Share capital

| | | |
|---|---|---|
| Issued and fully paid<br>9,420,000 ordinary shares of no par value | 47,100 | 47,100 |

There are 10,000,000 authorised ordinary shares for issue. All issued shares are fully paid.

## 15 Deferred tax liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is the intention to settle the balances on a net basis.

Deferred taxes are calculated in full on temporary differences under the liability method to the extent that they are scheduled to reverse using a principal tax rate of 25%.

The gross movement in the deferred income tax account is as follows:

| | 2010<br>$ | 2009<br>$<br>Restated |
|---|---|---|
| At beginning of the year | 8,066 | 23,194 |
| Statement of Comprehensive Income charge/(credit) (Note 24) | 15,041 | (15,128) |
| At end of year | 23,107 | 8,066 |

The net deferred tax liability arises out of the retirement benefit asset, accelerated tax allowances on property, plant and equipment, the post employment medical plan, the prior year severance benefits provision, and the provision for environmental clean up costs.

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

**15 Deferred tax liabilities (continued)**

The movement in the deferred tax assets and liabilities during the year without taking into consideration the offsetting of balance within the same tax jurisdiction is as follows:

| | 31.03.08 $ | Charged/ (Credited) to Income Statement $ | 31.03.09 $ Restated |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Accelerated depreciation | (129) | (59) | (188) |
| Post-employment medical plan | (5,442) | (847) | (6,289) |
| Unwinding dismantlement provision | (399) | (225) | (624) |
| Provision for environmental clean-up costs | (10,313) | (703) | (11,016) |
| Severance provision | (2,454) | 2,454 | -- |
| Tax losses | -- | (20,347) | (20,347) |
| | (18,737) | (19,727) | (38,464) |
| **Deferred tax liability** | | | |
| Retirement benefit asset | 40,312 | 3,883 | 44,195 |
| Accelerated depreciation | 1,619 | 716 | 2,335 |
| | 41,931 | 4,599 | 46,530 |
| **Net deferred tax liability** | 23,194 | (15,128) | 8,066 |

| | 31.03.09 $ Restated | Charged/ (Credited) to Income Statement $ | 31.03.10 $ |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Accelerated depreciation | (188) | 174 | (14) |
| Post employment medical plans | (6,289) | (886) | (7,175) |
| Unwinding dismantlement provision | (624) | (316) | (940) |
| Provision for environmental clean-up costs | (11,016) | 1,256 | (9,760) |
| Tax losses | (20,347) | 11,989 | (8,358) |
| | (38,464) | 12,217 | (26,247) |
| **Deferred tax liabilities** | | | |
| Retirement benefit asset | 44,195 | 2,536 | 46,731 |
| Accelerated depreciation | 2,335 | 288 | 2,623 |
| | 46,530 | 2,824 | 49,354 |
| **Net deferred tax liability** | 8,066 | 15,041 | 23,107 |

Deferred income tax assets are recognised for tax losses to the extent of the Group's taxable temporary differences. The Group recognised deferred income tax assets ($8,358) (2009: ($20,347) in respect of unused of tax losses amounting to $33,432 (2009: $81,388). The tax losses have not been agreed by the Board of Inland Revenue.

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 16 Provision for environmental clean-up costs

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| At beginning of year | 44,068 | 41,257 |
| Decrease/Increase in provision | (6,986) | 641 |
| Unwinding of provision (Note 23) | 4,070 | 3,758 |
| Utilised during the year | (2,110) | (1,588) |
| At end of year | 39,042 | 44,068 |

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision of approximately $200 per Group owned service station has been made for environmental remediation works throughout the service station network. The Group expects that this entire obligation will be reimbursed by government grants in future years. An asset for future grants receivable in respect of this obligation was not recorded in these consolidated financial statements due to the uncertainty in timing and quantity of future cash inflows.

The amount will be settled as follows:

| | | |
|---|---|---|
| Within 1 year | 5,590 | 7,700 |
| Within 1 to 5 years | 33,452 | 36,368 |
| | 39,042 | 44,068 |

## 17 Provision for dismantlement cost

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| At beginning of year | 12,765 | 9,348 |
| Change in cost estimate | (3,933) | 2,696 |
| Provision utilized during the year | (323) | (185) |
| Unwinding of dismantlement provision (Note 23) | 1,277 | 906 |
| At end of year | 9,786 | 12,765 |

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision of between $28 and $167 per service station has been made for dismantlement cost throughout the service station network. A discounting rate of 7.50% (2009: 9.75 %) was used to obtain the present value and an inflation rate of 5% (2009: 12 %) was used.

The amount will be settled as follows:

| | | |
|---|---|---|
| Within 1 to 5 years | 6,748 | 7,541 |
| Over 5 years | 3,038 | 5,224 |
| | 9,786 | 12,765 |

## Notes to the consolidated financial statements (continued)
**31 March 2010**
(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

### 18 Government grants

| | 2010 $ | 2009 $ |
|---|---|---|
| **Grants in respect of the service station upgrade** | | |
| At beginning of year | 123,065 | 100,339 |
| Grants received during the year (Note 28) | 49,770 | 28,000 |
| Amortised to statement of comprehensive income (Note 22) | (13,751) | (5,274) |
| | 159,084 | 123,065 |
| Current portion | -- | (5,908) |
| | 159,084 | 117,157 |

The Group receives grants from the Government of the Republic of Trinidad and Tobago for expenditure incurred in the upgrade of the service station network and environmental remediation.

Government grants relating to National Agro Chemicals Limited valued at $5,908 was included in other income in the Statement of Comprehensive Income. See Note 21.

**Other government grants (Petrotrin Interest)**

The Group anticipates that it will receive from the Government of the Republic of Trinidad & Tobago (GORTT) a grant to settle interest due to a supplier on the product account of $ 21,335 for 2010 (2009, $14,729) other grants (Note 28)

| | | |
|---|---|---|
| Other grants (Note 28) | 21,335 | 14,729 |

### 19 Trade and other payables

| | 2010 $ | 2009 $ Restated |
|---|---|---|
| Trade payables | 2,333,742 | 1,746,920 |
| Sundry payables and accruals | 164,649 | 179,892 |
| Deposits on cylinders | 15,672 | 11,911 |
| | 2,514,063 | 1,938,723 |

### 20 Cost of sales

| | 2010 $ | 2009 $ |
|---|---|---|
| Purchases of raw materials, goods for resale and other direct costs | 4,033,548 | 5,161,483 |
| Change in inventories | (19,125) | 67,522 |
| Subsidies (Note 28) | (1,634,749) | (2,431,844) |
| | 2,379,674 | 2,797,161 |

Subsidies are received from the Government of Trinidad and Tobago in respect of the purchase of fuels from the Petroleum Company of Trinidad and Tobago for resale in the domestic market at controlled prices.

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 21 Other income

| | 2010 $ | 2009 $ Restated |
|---|---|---|
| Rental income | 6,040 | 4,338 |
| Government grant (Note 18) | 5,908 | -- |
| Interest income | 2,607 | 7,328 |
| Aviation fees | 7,993 | 6,694 |
| Pension income (Note 6) | 2,819 | 8,170 |
| Gain on disposal of plant and equipment | 3,058 | 178 |
| Miscellaneous income | 36,056 | 19,619 |
| | 64,481 | 46,327 |

Miscellaneous income includes an amount that the Group anticipates it will receive from the Government of the Republic of Trinidad and Tobago (GORTT) to settle interest due to a supplier on the product account of $21,335 for 2010 (2009:$14,729) (Notes 18 & 28).

## 22 Other Expenses

| | 2010 $ | 2009 $ Restated |
|---|---|---|
| Retail outlet expenses | 32,578 | 35,268 |
| Operating overheads | 89,320 | 98,269 |
| Depreciation (Note 5) | 38,578 | 40,170 |
| Amortisation of government grant (Note 18) | (7,843) | (5,274) |
| Green Fund Levy | 2,091 | 2,361 |
| Directors' fees | 957 | 1,210 |
| | 155,681 | 172,004 |
| Distribution costs | 22,988 | 24,991 |
| Administration costs | 106,024 | 100,494 |
| | 284,693 | 297,489 |

Distribution cost comprises mainly of wages and salaries which amounts to $19,826 for 2010 (2009: $21,193), whereas Administrative Cost consist of mainly employee remuneration and medical benefits

## 23 Finance costs

| | 2010 $ | 2009 $ Restated |
|---|---|---|
| Bank charges and overdraft interest | 437 | 745 |
| Interest charges on accounts payable | 32,288 | 20,630 |
| Unwinding of environmental provision (Note 16) | 4,070 | 3,758 |
| Unwinding of dismantlement provision (Note 17) | 1,277 | 906 |
| | 38,072 | 26,039 |

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 24 Taxation

| | 2010 $ | 2009 $ |
|---|---|---|
| Corporation tax | | |
| - Prior years | 285 | 3,424 |
| - Current year | 1,833 | 1,615 |
| Deferred taxation (Note 15) | | |
| - Current year | 15,041 | (15,128) |
| Business levy | 5,463 | 6,027 |
| Charged/(credited) to statement of comprehensive income | 22,622 | (4,062) |

The tax on profit differs from the theoretical amount that would arise using the basic rate of tax as follows:

| | 2010 $ | 2009 $ |
|---|---|---|
| Profit/(Loss) before taxation | 74,706 | (73,501) |
| Tax calculated at 25% | 18,677 | (18,376) |
| Expenses not deductible for tax purposes | 1,949 | 5,755 |
| Income not subject to tax | (3,752) | (1,919) |
| Prior years | 285 | 3,424 |
| Business levy | 5,463 | 6,027 |
| Utilisation of previously unrecognised tax losses | -- | 488 |
| Depreciation of dismantlement not recognised for tax | -- | 539 |
| Charge/(credited) to statement of comprehensive income | 22,622 | (4,062) |

## 25 Discontinued operations

| | 2010 $ | 2009 $ |
|---|---|---|
| Operational costs | | |
| NP Unity | 312 | 5,146 |
| NP Enterprise | 307 | 4,012 |
| | 619 | 9,158 |
| Tax on Discontinued Operations at 25% | (155) | (2,290) |
| Net Discontinued Operations | 464 | 6,868 |

## 26 Net foreign exchange Gain/(Loss)

| | 2010 $ | 2009 $ |
|---|---|---|
| The net foreign exchange gain/(loss) credited/(charged) to the statement of comprehensive income is: | 2,850 | (1,346) |

## 27 Employee benefit expense

| | 2010 $ | 2009 $ |
|---|---|---|
| Wages and salaries | 110,058 | 129,712 |
| Pension cost – post-employment medical plan (Note 6) | 4,594 | 4,395 |
| National insurance | 4,577 | 4,579 |
| Other | 8,205 | 2,309 |
| Pension income – Retirement Benefit Plan (Note 6) | (2,819) | (8,170) |
| | 124,615 | 132,825 |
| Number of employees | | |
| | 734 | 741 |

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 28 Related party transactions

In the ordinary course of its business the group enters into transactions concerning the exchange of goods and provision of services with affiliate companies as well as with entities directly and indirectly owned or controlled by the Government.

Most significant transactions concern:

- Purchases of refined products from the Petroleum Company of Trinidad & Tobago
- Sales of fuels to Government Bodies
- Sales to Roopnarine Holdings & Investments Limited
- Sales to Kamala Roopnarine Service Station
- Sales to Mohan Roopnarine Service Station
- Sales to Manbode Roopnarine Service Station

Transactions with related parties are effected on an arms length basis, and comprise the following:

| | | 2010<br>$ | 2009<br>$<br>Restated |
|---|---|---|---|
| (i) | **Sales** | | |
| | Government ministries and state owned enterprises | 370,067 | 373,268 |
| | Roopnarine Holdings & Investments Limited | 3,309 | 2,960 |
| | Kamala Roopnarine Service Station | 23,464 | 24,686 |
| | Mohan Roopnarine Service Station | 12,078 | 13,316 |
| | Roopnarine Service Stations | -- | 10,212 |
| | | 408,918 | 424,442 |
| (ii) | **Purchases** | | |
| | Purchases from State owned enterprise for Head Office | 3,692,402 | 4,725,059 |
| | Purchases on behalf of branch | 26,988 | -- |
| | Subsidies (Note 20) | (1,634,749) | (2,431,844) |
| | | 2,084,641 | 2,293,215 |
| (iii) | **Amortisation of government grant** | | |
| | Government of the Republic of Trinidad and Tobago (Note 18) | 13,751 | 5,274 |
| (iv) | **Key management compensation** | | |
| | Salaries and other benefits | 10,946 | 9,870 |
| | Directors Remuneration | 957 | 1,210 |
| | Long term employee benefits: Savings Plan | 198 | 180 |
| | Pension | 932 | 815 |
| | | 13,033 | 12,075 |

**Notes to the consolidated financial statements (continued)**
**31 March 2010**
(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 28 Related party transactions (continued)

| | 2010 $ | 2009 $ Restated |
|---|---|---|
| **(v) Year-end balances arising from sales/purchases of goods/services** | | |
| Due from related parties | | |
| Subsidy claims due from the Government of the Republic of Trinidad and Tobago (Note 11) | 1,533,655 | 1,327,119 |
| Other amounts due from the Government of the Republic of Trinidad and Tobago (Note 11) | 73,471 | 52,136 |
| Roopnarine Service Station | 107 | 123 |
| Kamala Roopnarine Service Station | 239 | 72 |
| Mohan Roopnarine Service Station | 90 | 103 |
| Manbode Roopnarine Service Station | 57 | 57 |
| Government ministries and state owned enterprises (Note 11) | 26,932 | 14,993 |
| | 1,634,551 | 1,394,603 |
| Due to related parties | | |
| State owned enterprise | 2,332,782 | 1,739,845 |
| Treasury surplus due to the Government of the Republic of Trinidad and Tobago | 57,586 | 52,587 |
| | 2,390,368 | 1,792,432 |
| **(vi) Dividend** | | |
| Due to related parties | | |
| Government of the Republic of Trinidad and Tobago | 15,944 | 15,944 |
| **(vii) Administrative charges/service fees** | | |
| Paid to related parties | | |
| Petroleum Company of Trinidad and Tobago | 5,891 | 6,652 |
| **(viii) Deferred government grant** | | |
| Government of the Republic of Trinidad and Tobago (Note 18) | 159,084 | 123,065 |
| **(ix) Government grants received/credited to Statement of Comprehensive Income** | | |
| Amounts received for the service station upgrade from the Government of the Republic of Trinidad and Tobago (Note 18) | 49,770 | 28,000 |
| Other funding from the Government of the Republic of Trinidad and Tobago (Note 18) | 21,335 | 14,729 |
| | 71,105 | 42,729 |

## 29 Contingencies and commitments

**Contingencies**

i) The Group is a defendant in various legal actions. In the current year $2,600 has been provided for legal claims against the Group (2009: $nil). In the opinion of Management, after taking appropriate legal advice, the outcome of all other such actions not provided for will either not give rise to any significant loss or the outcome and amounts are uncertain.

ii) The Group has appealed the Board of Inland Revenue's assessment on tax for income year 2000. Of this assessment, there is a contingent interest liability of $ 5,767. The Group has not made any provision in the consolidated financial statements as it is of the opinion that this liability will not materialize.

iii) The Group has the following contingent liabilities in respect of claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for (Note 19).

- First Citizens Bank Limited – There are customs bonds with a balance of TT$2,275;
- RBC Royal Bank - Per the agreement dated December 23, 1977 between Trinidad & Tobago National Petroleum Marketing Group Limited and RBC Limited, the Group provides guarantees for loans to employees up to a maximum of $250 each with a restriction to the top 30% plus premiums on Mortgage Life Protection Insurance. The total potential liability under this Guarantee is limited to $2,500.

iv) The Dominica Inland Revenue issued an assessment in a previous financial period for Withholding Tax in respect of income year 1996 amounting to $231. The assessment amount was settled in previous years but the interest incurred due to late payment was only fully settled subsequent to the current financial year end, in October 2010. Management is not aware of the basis of the computation of the assessment and in the absence of any additional assessments from the Dominica Inland Revenue Division, has not been able to determine whether any further potential additional liabilities exist. Accordingly no additional tax provisions have been recorded in the financial statements in respect of this matter.

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

## 29 Contingencies and commitments (continued)

### Commitments

*Capital commitments*

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| Property, plant and equipment | 41,878 | 45,465 |

*Operating lease commitments*

The Group leases property, equipment and vehicles under operating leases. The leases have varying terms, escalation clauses and renewal rights.

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

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| No later than one year | 2,576 | 2,999 |
| Later than 1 year and no later than 5 years | 2,302 | 2,118 |
| Later than 5 years | 9,823 | 4,797 |
| | 14,701 | 9,914 |