Trinidad & Tobago National Petroleum Marketing Company Limited and Its Subsidiaries

Consolidated Financial Statements

31 March 2018

(Presented in Thousands of Trinidad and Tobago Dollars)

Trinidad & Tobago National Petroleum Marketing Company Limited and its Subsidiaries

Contents

Trinidad & Tobago National Petroleum Marketing Company Limited and its Subsidiaries

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of the Trinidad & Tobago National Petroleum Marketing Company Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2018, 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 information;

- Ensuring that the Group keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group's operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

Director
14 February 2019

Director
14 February 2019

pwc

Independent Auditor's Report

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

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of Trinidad & Tobago National Petroleum Marketing Company Limited (the Company) and its subsidiaries (together 'the Group') as at 31 March 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Independent Auditor's Report (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers

22 February 2019
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	As at 31 March 2018 $	2017 $
Assets			
Non-current assets			
Property, plant and equipment	5	563,562	566,847
Deferred income tax assets	15	39,628	47,747
Held-to-maturity financial asset	7	1,642	2,175
		604,832	616,769
Current assets			
Inventories	8	147,220	159,294
Trade and other receivables	11	1,171,183	699,642
Taxation recoverable		69,689	68,900
Available-for-sale financial asset	12	4,072	4,545
Cash and cash equivalents	13	276,492	155,473
		1,668,656	1,087,854
Total assets		2,273,488	1,704,623

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	As at 31 March 2018 $	2017 $
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent company			
Share capital	14	47,100	47,100
Translation reserve		4,688	4,862
Retained earnings		217,657	193,498
Total equity		269,445	245,460
Liabilities			
Non-current liabilities			
Post-employment medical plan obligation	6	54,177	52,707
Retirement pension plan obligation	6	57,790	84,720
Deferred tax liabilities	15	49,505	44,422
Provision for environmental clean-up costs	16	9,519	11,308
Provision for dismantlement cost	17	16,164	16,618
Deferred government grant	18	133,532	155,747
Deferred franchise fee income	19	2,923	2,986
Finance lease		907	990
		324,517	369,498
Current liabilities			
Trade and other payables	20	1,645,996	1,055,978
Deferred franchise fee income	19	1,335	1,225
Provision for environmental clean-up costs	16	1,770	2,314
Taxation payable		30,425	30,148
		1,679,526	1,089,665
Total liabilities		2,004,043	1,459,163
Total equity and liabilities		2,273,488	1,704,623

The notes on pages 9 to 46 are an integral part of these consolidated financial statements.

On 14 February 2019, the Board of Directors of Trinidad & 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 2018 $	2017 $
Gross sales		3,464,083	3,185,946
Customs and excise duties		(1,394)	(1,504)
Net sales		3,462,689	3,184,442
Cost of sales	21	(3,151,638)	(2,885,094)
Gross profit		311,051	299,348
Other income	22	40,465	33,354
		351,516	332,702
Distribution costs	23	(23,281)	(22,178)
Administration costs	23	(154,337)	(148,417)
Other expenses	23	(137,411)	(153,871)
Finance cost	24	(23,124)	(14,842)
Profit/(loss) before taxation		13,363	(6,606)
Taxation charge	25	(19,930)	(16,145)
Loss for the year		(6,567)	(22,751)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-measurement of retirement benefit obligation	6	43,231	6,374
Re-measurement of medical obligation	6	1,339	(3,360)
Tax associated with other comprehensive income	15	(13,371)	(904)
		31,199	2,110
Items that may be subsequently reclassified to profit or loss			
Change in value of available-for-sale financial asset	12	(473)	(12)
Other comprehensive income for the year net of tax		30,726	2,098
Total comprehensive income/(loss) for the year		24,159	(20,653)

The notes on pages 9 to 46 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 as at 1 April 2016	47,100	214,151	4,235	265,486
Total comprehensive loss for the year	--	(20,653)	--	(20,653)
Translation of foreign branch	--	--	627	627
Balance as at 31 March 2017	47,100	193,498	4,862	245,460
Balance as at 1 April 2017	47,100	193,498	4,862	245,460
Total comprehensive income for the year	--	24,159	--	24,159
Translation of foreign branch	--	--	(174)	(174)
Balance as at 31 March 2018	47,100	217,657	4,688	269,445

The notes on pages 9 to 46 are an integral part of these consolidated financial statements.

Trinidad & Tobago National Petroleum Marketing Company Limited and its Subsidiaries

Consolidated Statement of Cash Flows

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

	Notes	Year ended 31 March 2018 $	2017 $
Cash flows from operating activities			
Profit/(loss) before taxation		13,363	(6,606)
Adjustment for non-cash items:			
Retirement pension plan expense	6	25,961	25,975
Post-employment medical plan expense	6	4,637	4,074
Depreciation charge	5	50,425	48,964
Government grant amortisation	18, 23	(22,215)	(4,606)
Loss on disposal of property, plant and equipment	22	310	887
Foreign exchange loss/(gain)	26	1,147	(7,162)
Unwinding of dismantlement provision	17	742	700
Unwinding of environmental clean-up provision	16	520	609
Decrease in environmental clean-up cost	16	(2,064)	(1,164)
Decrease in dismantlement provision		(1,195)	(636)
Translation difference		(94)	409
Unwinding of interest on fixed deposits		(205)	(235)
Deferred franchise fee income	19	(1,307)	(1,235)
		70,025	59,974
Changes in working capital			
Decrease/(increase) inventories		12,074	(12,177)
(Increase)/decrease in trade and other receivables		(471,541)	68,930
Increase/(decrease) in trade and other payables		590,018	(20,259)
Cash generated from operating activities		200,576	96,468
Environmental clean-up costs paid during the year	16	(789)	(142)
Retirement benefits paid		(11,488)	(14,463)
Franchise fee received	19	1,354	–
Taxation paid		(20,659)	(19,886)
Net cash generated from operating activities		168,994	61,977
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(48,058)	(60,554)
Held to maturity deposit		738	704
Proceeds from disposal of property, plant and equipment		492	377
Net cash used in investing activities		(46,828)	(59,473)
Cash flows from financing activities			
Finance proceeds		--	990
Net cash generated from financing activities		--	990
Net increase in cash and cash equivalents		122,166	3,494
Cash and cash equivalents at beginning of year		155,473	144,817
Exchange adjustment		(1,147)	7,162
Cash and cash equivalents at end of year		276,492	155,473

The notes on pages 9 to 46 are an integral part of these consolidated financial statements.

1 General information

The Trinidad & Tobago National Petroleum Marketing Company Limited, the parent company, is incorporated in the Republic of Trinidad and Tobago and is primarily engaged in the marketing and manufacturing of petroleum and petroleum related products. It is wholly owned by the Government of the Republic of Trinidad and Tobago and thus is ultimately controlled by the Government of the Republic of Trinidad and Tobago. The registered office is NP House, National Drive, Sea Lots, Port of Spain. The Group comprises the parent company and subsidiaries listed below:

Natpet Investments Company Limited is a wholly-owned subsidiary and is incorporated in the Republic of Trinidad and Tobago. Its primary business activity is the filling of Liquefied Petroleum Gas (LPG) cylinders. The address of its registered office is NP House, Sea Lots, Port of Spain.

National Agro Chemicals Limited (NACL) is a wholly-owned subsidiary and is incorporated in the Republic of Trinidad and Tobago. It was primarily engaged in the manufacture and sale of agricultural and industrial chemicals. The address of its registered office is NP House, National Drive, Sea Lots, Port of Spain.

Natstar Manufacturing Company Limited (Natstar) is a wholly-owned subsidiary and is incorporated in the Republic of Trinidad and Tobago. It was primarily engaged in the manufacture of steel drums and refurbishing of LPG cylinders. The address of its registered office is NP House, National Drive, Sea Lots, Port of Spain.

The Board of Directors approved the liquidation of NACL and Natstar on 21 July 2007. Natstar's voluntary liquidation was completed during the 2016 finanical year while the liquidation of NACL is ongoing.

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

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

Liquid Fuels Company of Trinidad and Tobago Limited is a dormant subsidiary of the parent company and is incorporated in the Republic of Trinidad and Tobago.

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.

a. *Basis of preparation*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of available-for-sale financial assets.

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 judgement in the process of applying the Group accounting policies. The areas involving a higher degree of judgement 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 (continued)

a. *Basis of preparation (continued)*

(i) *Changes in accounting policy and disclosures*

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2017. The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

- Amendments to IAS 12 – Income Tax on Recognition of deferred tax asset for unrealised losses; and
- Amendment to IAS 7- Statement of cashflows, and IFRS 12, Disclosure of interest in other entities.

(b) *New standards and interpretations not yet adopted*

Certain new standards, amendments and interpretations have been published but not yet adopted by the Group. These standards are not mandatory for the financial year beginning 1 April 2017. The impact of the following standards has not yet been evaluated:

- IFRS 9 – Financial Instruments - IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. Mandatory adoption is expected for fiscal year beginning 1 April 2018.

- IFRS 16 – Leases - IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities. Mandatory adoption is expected for fiscal year beginning 1 April 2019.

- IFRS 15 – Revenues from Contracts with Customers - The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. Mandatory adoption is expected for fiscal year beginning 1 April 2018

There are no other standards that are not yet effective that would be expected to have a material impact on the Group.

2 Summary of significant accounting policies (continued)

b. *Consolidation*

(i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2 Summary of significant accounting policies (continued)

c. *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.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financials asset and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

(b) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

2 Summary of significant accounting policies (continued)

d. *Property, plant and equipment*

Land is shown at cost and is not depreciated.

Dismantlement costs are shown at net present value less depreciation.

All 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	-	3% - 5%
Plant and machinery	-	5% - 20%
Cylinders and other equipment	-	5% - 20%
Motor vehicles	-	20% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2 e).

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

e. *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 recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2 Summary of significant accounting policies (continued)

f. *Financial assets*

Classification

The Group classifies its financial assets as loans and receivables, available-for-sale and held-to-maturity. 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 i.).

Held-to-maturity financial asset

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets (Note 7).

Available-for-sale financial asset

Available-for-sale financial assets are non-derivative financial assets that are either designated in the category or not classified in any of the other categories and are included in current assets.

Recognition and measurement

Financial asset are initially recognised at fair value plus transaction cost for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income as 'change in value of available-for-sale financial asset'.

Interest on available-for-sale securities are calculated using the effective interest method is recognised in the consolidated statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of comprehensive income as part other income when the Group's right to receive payments is established.

2 Summary of significant accounting policies (continued)

g. *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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

h. *Inventories*

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

Cost is determined using the first-in, first-out (FIFO) method for main products (fuels), goods for resale, raw and packaging materials and manufactured goods. Weighted average cost is used for maintenance spares. Actual cost is used for all inventories. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

i. *Trade and other receivables*

Trade receivables are amounts due from customers for merchandise sold 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. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

j. *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.

k. *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.

l. *Impairment of financial assets*

(i) *Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

2 Summary of significant accounting policies (continued)

l. *Impairment of financial assets (continued)*

(i) *Assets carried at amortised cost (continued)*

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(ii) *Assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

m. *Employee benefits*

(i) *Retirement benefit liability*

The Group operates a defined benefit 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.

2 Summary of significant accounting policies (continued)

m. *Employee benefits (continued)*

(i) *Retirement benefit liability (continued)*

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. 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 obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of comprehensive income.

(ii) *Post-employment medical plan*

The Group provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional 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 the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(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 at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises cost for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2 Summary of significant accounting policies (continued)

m. *Employee benefits (continued)*

(iv) *Bonus scheme*

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

n. *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.

o. *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.

p. *Government grants*

Grants in respect of the service station upgrade

Government grants, (provided in the capacity of the Government and not as a shareholder), are recognised at their fair value when they are received once the Group has complied with all attached conditions.

Government grants relating to expenses 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.

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

p. *Government grants (continued)*

Other government grants

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

Subsidy

The Group also recognises a subsidy. The subsidy is calculated on local volumes sold and is the difference between the market value of the fuel (which is determined by the Government of the Republic of Trinidad and Tobago) and the amount the government mandates it be sold for. The subsidy is recognised in the statement of comprehensive income in the period in which it is receivable. See Note 21.

q. *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 are subject to interpretation and establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The principal temporary differences arise from depreciation on property, plant and equipment, retirement benefit liability, provision for post medical retirement plan obligation, dismantlement provision, and provision for environmental clean-up costs and tax losses.

Deferred income tax liabilities are provided on taxable temporary differences, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for subsidiaries.

2 Summary of significant accounting policies (continued)

q. *Current and deferred income tax (continued)*

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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 taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

r. *Revenue recognition*

(i) *Sales of goods – wholesale*

The Group manufactures and sells a range of petroleum and petroleum products in the wholesale market. Sales of goods are recognised when the Group has delivered products to its direct customers.

(ii) *Sales of goods – retail*

The Group operates a chain of retail convenience stores. Sales of goods are recognised when the Group sells a product to the customer. Retail sales are usually in cash or by credit/debit card. The Group does not operate any loyalty programmes.

(iii) *Rental income*

Rental income relates to royalty income earned from franchisees and other arrangements and is based on the rate per unit of fuel sold. This is recognised on the accrual basis in accordance with the substance of the relevant agreements.

(iv) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

s. *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.

t. *Dividend distribution*

Dividend distribution to the shareholder is recognised as a liability in the consolidated financial statements in the period in which dividends are approved by the shareholder.

3 Financial risk management

a. *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 Group's treasury department.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates financial risks in co-operation with the Group's operating units and provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and invest of excess liquidity.

(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 majority of foreign exchange risk resides at the parent and the Group manages this risk by holding amounts in US dollars within its cash balances.

As at 31 March 2018, if the functional currency of the parent had weakened/strengthened by 1% against the US dollar with all other variables held constant, post tax loss for the year would have been $1,184 higher/lower, mainly as a result of foreign exchange gains/loss on translation of US dollar denominated trade receivables, cash and payable balances.

As at 31 March 2017, if the functional currency of the parent had weakened/strengthened by 1% against the US dollar with all other variables held constant, post tax loss for the year would have been $122 higher/lower, mainly as a result of foreign exchange gains/loss on translation of US dollar denominated trade receivables, cash and payable balances.

(b) *Price risk*

The Group is exposed to bond securities price risk because of investments held by the Group and classified in the consolidated statement of financial position as available-for-sale assets. Management manages its price risk by reviewing the movement trend of prices on the stock exchange. This information is used to determine whether its investment should be retained or disposed. Due to the nature of the Group's operations, there is no significant exposure to price risk.

As at 31 March 2018, if the available-for-sale asset quoted prices increased/ decreased by 5%, total comprehensive loss would have been higher/lower by $204.

As at 31 March 2017, if the available-for-sale asset quoted prices increased/ decreased by 5%, total comprehensive loss would have been higher/lower by $227.

3 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(i) *Market risk (continued)*

(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 is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments which potentially subject the Group to significant credit risk consist principally of cash and trade and other receivables. The Group's maximum amount of credit risk exposure is limited to the carrying amount of these financial instruments.

The Group's cash is held with or issued by leading financial institutions. Therefore, the Group considers the risk of non-performance on these instruments to be minimal.

The Group's credit risk is principally attributable to its trade receivables. The amounts disclosed in the statements of financial position are net of an allowance for doubtful accounts, estimated by the Group's management and based, in part, on the age of the specific receivable balance and the current and expected collection trends.

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. The Group's other receivable balances comprises of amounts receivable from the Government of the Republic of Trinidad and Tobago (GORTT). These balances have a low credit risk. Refer to Notes 10 and 11 for additional information.

(iii) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulties in meeting its obligations as they fall due.

The Group treasury function ensures that the Group maintains funding flexibility by assessing future cash flow expectations. Management monitors the liquidity requirements to ensure it has sufficient cash to meet operational needs.

3 **Financial risk management (continued)**

a. *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.

	0 – 60 days $
31 March 2018	
Trade and other payables excluding statutory liabilities	1,610,497

	0 – 60 days $
31 March 2017	
Trade and other payables excluding statutory liabilities	1,024,913

b. *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.

c. *Fair value estimation*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3)

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

3 Financial risk management (continued)

c. *Fair value estimation (continued)*

The following table presents the Group's financial assets and liabilities that are measured at fair value.

31 March 2018

Asset	Level 1 $	Level 2 $	Level 3 $	Total $
Available-for-sale asset	--	4,072	--	4,072
Held-to-maturity asset	--	--	1,642	1,642

31 March 2017

Asset	Level 1 $	Level 2 $	Level 3 $	Total $
Available-for-sale asset	--	4,545	--	4,545
Held-to-maturity asset	--	--	2,175	2,175

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transaction on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

4 Critical accounting estimates and judgements

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

a. *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.

(i) *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.

(ii) *Retirement benefit liability/Post-employment medical plan*

The present value of the pension obligations depends on a number of factors that are determined on the actuarial basis using a number of assumptions. The assumptions used in detérmining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

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 and sensitivity analysis is disclosed in Note 6.

(iii) *Provision for environmental clean-up costs*

The provision for environmental 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 as at 31 March 2018 were 1.00% and 4.00% respectively. If the inflation rate increased by 1% and the discount factor increased by 1% the losses will increase by $207, but if the inflation rate decreased by 1% and the discount factor decreased by 1% the loss will decrease by $208.

4 Critical accounting estimates and judgements (continued)

a. *Critical accounting estimates and assumptions (continued)*

(iii) *Provision for environmental clean-up costs (continued)*

The inflation and discounting rate used in the calculation of the provision for environmental clean-up cost as at 31 March 2017 were 2.5% and 4.25% respectively. If the inflation rate increased by 1% and the discount factor increased by 1% the losses will increase by $105, but if the inflation rate decreased by 1% and the discount factor decreased by 1% the loss will decrease by $105.

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

(iv) *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 its 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 as at 31 March 2018 were 1.00% and 4.00% respectively. If the inflation rate increased by 1% and the discount factor increased by 1% the loss will increase by $29, but if the inflation rate decreased by 1% and the discount factor decreased by 1% the loss will decrease by $30.

The inflation and discounting rate used in the calculation of the provision for dismantlement as at 31 March 2017 were 2.5% and 4.25% respectively. If the inflation rate increased by 1% and the discount factor increased by 1% the loss will increase by $32, but if the inflation rate decreased by 1% and the discount factor decreased by 1% the loss will decrease by $32.

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

b. *Critical accounting judgements*

(i) *Government funding*

The funding received from the Government of the Republic of Trinidad and Tobago (GORTT) for the upgrade of the Service Station Network under the Public Sector Investment Programme (PSIP) is accounted for as a Government grant under International Accounting Standard 20 "Accounting for government grants and disclosure of government assistance".

4 Critical accounting estimates and judgements (continued)

b. *Critical accounting judgements (continued)*

(i) *Government funding (continued)*

In determining whether the government is providing funds to the Group in the capacity of the government (government grant) or in the capacity as the shareholder (shareholder contribution), the Group assessed and made certain judgements concerning the following factors:

- Whether similar funding was provided to other non-governmental institutions;
- The treatment of other government funding; and
- Whether the funding was refundable to the government.

Additional information on government grants is disclosed in Note 2 p. and Note 18.

(ii) *Impairment of available-for-sale asset*

The Group follows the guidance of IAS 39 to determine when an available-for-sale investment is impaired. This determination required significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Notes to the Consolidated Financial Statements (continued)
31 March 2018
(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 2016						
Cost	301,083	242,046	299,131	40,232	122,050	1,004,542
Translation difference	1,816	168	14	(51)	64	2,011
Accumulated depreciation	(110,246)	(126,763)	(193,876)	(19,354)	--	(450,239)
Net book amount	192,653	115,451	105,269	20,827	122,114	556,314
Year ended 31 March 2017						
Opening net book amount	192,653	115,451	105,269	20,827	122,114	556,314
Additions	--	--	25	50	60,479	60,554
Transfers	20,552	25,052	42,010	3,335	(90,949)	--
Disposals	--	(9)	(1,286)	--	--	(1,295)
Dismantlement	14	--	--	--	--	14
Translation difference	99	35	11	(13)	92	224
Depreciation charge	(7,812)	(13,520)	(26,119)	(1,513)	--	(48,964)
Closing net book amount	205,506	127,009	119,910	22,686	91,736	566,847
At 31 March 2017						
Cost	321,649	267,089	339,880	43,617	91,580	1,063,815
Translation difference	1,915	203	25	(64)	156	2,235
Accumulated depreciation	(118,058)	(140,283)	(219,995)	(20,867)	--	(499,203)
Net book amount	205,506	127,009	119,910	22,686	91,736	566,847

(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 2018						
Opening net book amount	205,506	127,009	119,910	22,686	91,736	566,847
Additions	–	–	34	–	48,024	48,058
Transfers	23,145	38,327	15,105	–	(76,577)	–
Disposals	(406)	(272)	(124)	–	–	(802)
Dismantlement	4	–	–	–	–	4
Translation difference	(35)	(27)	(8)	(34)	(16)	(120)
Depreciation charge	(11,686)	(15,537)	(21,514)	(1,688)	–	(50,425)
Closing net book amount	216,528	149,500	113,403	20,964	63,167	563,562
At 31 March 2018						
Cost	344,392	305,144	354,895	43,617	63,027	1,111,075
Translation difference	1,880	176	17	(98)	140	2,115
Accumulated depreciation	(129,744)	(155,820)	(241,509)	(22,555)	–	(549,628)
Net book amount	216,528	149,500	113,403	20,964	63,167	563,562

Depreciation expense of $50,425 (2017: $48,964) has been charged in operating expenses.

Work in progress comprises of costs associated with projects which are capital in nature but which are incomplete as at the end of the respective years.

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

6 Retirement benefit and post-employment medical plan obligation

Retirement benefit plans

The Group 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. All of the plans are final salary pension plans, which provide benefits to members for life. The level of benefits depends on the members' length of service and their salary in the final years leading to retirement. Plan assets held in the trust are governed by local regulations.

Responsibility for governance of the plans including investment decisions and contribution schedules lies jointly with the Management Committees and Trustees. The Management Committee comprises of representatives of the Company and members of the plans in accordance with the plans' rules.

The trustee of Plan I is Republic Bank Limited - Trust and Asset Management Division, whilst the trustee of Plan II is First Citizens Asset Management Limited. The pension plans are funded by contributions determined by periodic actuarial calculations.

Post-employment medical plan

The plan covers medical benefits and is self-insured and administered by the Group. Employees who retire directly from either one of the Group's pension plans and are in receipt of a pension are eligible for the medical benefit. Employees who leave the Group and do not retire immediately are not eligible for post-retirement medical coverage. The plan also covers the pensioner's spouse for the duration of the member's lifetime only.

	2018 $	2017 $
Statement of financial position obligation for:		
Retirement benefit obligation - Pension benefits	57,790	84,720
Retirement benefit obligation - Medical benefits	54,177	52,707
Statement of comprehensive income:		
Net pension cost – Pension benefits	25,961	25,975
Net pension cost – Medical benefits	4,637	4,074
	30,598	30,049

Retirement benefit obligation

The amounts recognised in the statement of financial position for Plans I and II combined are as follows:

	2018	2017
Present value of funded obligations	662,897	681,960
Fair value of plan assets	(605,107)	(597,240)
Retirement benefit obligation - Pension benefits	57,790	84,720

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

6 Retirement benefit and post-employment medical plan obligation (continued)

Retirement benefit obligation

	2018 $	2017 $
Movement in the present value of funded obligations:		
Present value of funded obligations at the start of year	681,960	648,249
Current service cost	20,688	21,679
Interest cost	36,676	34,905
Members contribution	3,619	4,730
Past service cost	523	–
Re-measurement:		
- Experience adjustment	(49,928)	–
- Benefits paid	(30,641)	(27,603)
Present value of funded obligations at end of year	662,897	681,960
Movement in the fair value of plan assets:		
Fair value of plan assets at start of year	597,240	570,512
Interest income	32,366	31,087
Return on plan assets, excluding interest income	(6,697)	6,374
Company contributions	9,660	12,618
Members' contributions	3,619	4,730
Benefits paid	(30,641)	(27,603)
Administrative expenses	(440)	(478)
Fair value of plan assets at end of year	605,107	597,240
The actual return on plan assets	25,669	37,461
Expenses recognised in statement of comprehensive income:		
Current service cost	20,688	21,679
Net interest cost	4,310	3,818
Past service cost	523	–
Administrative expenses	440	478
Net pension cost	25,961	25,975
Reconciliation of opening and closing statement of financial position entries:		
Opening retirement benefit obligation - Pension benefits	84,720	77,737
Net pension cost	25,961	25,975
Re-measurement recognised in other comprehensive income	(43,231)	(6,374)
Company contributions paid	(9,660)	(12,618)
Closing retirement benefit obligation - Pension benefits	57,790	84,720

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

6 Retirement benefit and post-employment medical plan obligation (continued)

Retirement benefit obligation (continued)	2018 $	2017 $
Re-measurements recognised in other comprehensive income:		
Experience gains	(43,231)	(6,374)

Expected Company contribution in 2018/2019 is $18.5 million.

The plans' assets are fully invested in diversified general portfolio funds managed by the respective Trustees. Asset allocation is as follows:

		2018	
Asset allocations	Quoted $	Unquoted $	Total $
Local and regional equity securities	147,031	--	147,031
Overseas equities (outside CARICOM)	110,145	--	110,145
TT$ denominated bonds	--	306,672	306,672
US$ denominated bonds	--	4,113	4,113
Cash and cash equivalents	--	35,076	35,076
Other (annuities, mortgages)	--	2,070	2,070
Fair value of plan assets at end of year	257,176	347,931	605,107

		2017	
Asset allocations	Quoted $	Unquoted $	Total $
Local and regional equity securities	153,004	--	153,004
Overseas equities (outside CARICOM)	112,718	--	112,718
TT$ denominated bonds	--	287,619	287,619
US$ denominated bonds	--	7,450	7,450
Cash and cash equivalents	--	32,422	32,422
Other (annuities, mortgages)	--	4,027	4,027
Fair value of plan assets at end of year	265,722	331,518	597,240

Summary of principal assumptions	2018	2017
Discount rate assumption	5.5%	5.5%
Average individual salary increases	5.0%	5.0%

Assumptions regarding future mortality are based on published mortality tables. The life expectancy underlying the value of the retirement benefit obligation - pension benefits as at 31 March is as follows:

Life expectancy at age 60 for current pensioner in years		
Male	21.0	21.0
Female	25.1	25.1

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

6 Retirement benefit and post-employment medical plan obligation (continued)

Retirement benefit obligation (continued)	**2018**	**2017**
Life expectancy at age 60 for current members age 40 in years		
Male	21.4	21.4
Female	25.4	25.4

Retirement benefit sensitivity analysis

The calculation of the defined benefit obligations is sensitive to the assumptions used. The following summarises how the defined benefit obligations at 31 March 2018 would have changed as a result of the change in these assumptions.

	1%pa higher	**1% pa lower**
Discount rate	(71,206)	(87,504)
Future salary increases	27,517	24,582

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 31 March 2018 by $2.7 million.

	2018 $	**2017 $**
Post-retirement medical liability		
Retirement benefit obligation - Medical benefits	54,177	52,707
Movement in present value of defined benefit obligation		
Retirement benefit obligation - Medical benefits at start of year	52,707	47,120
Current service cost	1,788	1,533
Interest cost	2,849	2,541
Re-measurement:		
Experience adjustments	(1,339)	3,360
Benefits paid	(1,828)	(1,847)
Retirement benefit obligation - Medical benefits at end of year	54,177	52,707
Amounts recognised in the statement of comprehensive income		
Current service cost	1,788	1,533
Net interest on net defined benefit liability	2,849	2,541
Net medical cost	4,637	4,074

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

6 Retirement benefit and post-employment medical plan obligation (continued)

Post-retirement medical liability (continued)	2018 $	2017 $
Re-measurements recognised in other comprehensive income:		
Experience gains	(1,339)	3,360
Reconciliation of opening and closing statement of financial position entries		
Retirement benefit obligation - Medical benefits at start of year	52,707	47,120
Net medical cost	4,637	4,074
Re-measurement recognised in other comprehensive income	(1,339)	3,360
Benefits paid	(1,828)	(1,847)
Retirement benefit obligation - Medical benefits at end of year	54,177	52,707

Summary of principal assumptions

	2018	2017
Discount rate assumption	5.5%	5.5%
Future medical cost increases	5.0%	5.0%

Assumptions regarding future mortality are based on published mortality tables. The life expectancy underlying the value of the retirement benefit obligation - medical benefits at year-end is as follows:

	2018	2017
Life expectancy at age 60 for current pensioner in years		
Male	21.0	21.0
Female	25.1	25.1
Life expectancy at age 60 for current members age 40 in years		
Male	21.4	21.4
Female	25.4	25.4

Sensitivity analysis

The calculation of the defined benefit obligations is sensitive to the assumptions used. The following summarises how the defined benefit obligations would change as a result of the changes in these assumptions.

	1% pa higher	1% pa lower
Discount rate	(7,194)	9,126
Medical cost increase	9,077	(7,513)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 31 March 2018 by $1.949 million.

7 Held-to-maturity financial asset

In October 2009, a fixed deposit of $10,000 matured. No proceeds for this investment were received by the Group due to the financial constraints of the issuer. In December 2012, the Government of the Republic of Trinidad and Tobago restructured the investment to reflect repayments over a period of twenty (20) years. In October 2013, pursuant to an offer from the Government of the Republic Trinidad and Tobago, the Group surrendered the 11 year to 20 year portion of the bond for units in the Clico Investment Fund (CIF). The remaining balance of the bond which continues to be classified as held-to-maturity was valued at $1,642 (2017: $2,175). The Clico Investment Fund (CIF) is classified as an available-for-sale financial asset (Note12).

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

8 Inventories

	2018 $	2017 $
Goods for resale	71,023	75,714
Raw and packaging materials	33,752	32,937
Maintenance spares	13,314	12,615
Manufactured goods	25,007	35,739
Goods in transit	4,392	2,557
Provision for obsolete and slow moving goods	(268)	(268)
	147,220	159,294

The cost of inventory recognised in the consolidated statement of comprehensive income is $3,577,986 (2017: $3,208,608).

9 Financial instrument by category

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

	2018 $	2017 $
Assets as per statement of financial position	**Loans and receivables**	
Trade and other receivables excluding prepayments	1,162,276	692,242
Cash and cash equivalents	276,492	155,473
Total	1,438,768	847,715
	Held-to-maturity	
Held-to-maturity asset	1,642	2,175
	Available-for-sale	
Available-for-sale asset	4,072	4,545
	Financial liabilities at amortised cost	
Liabilities as per statement of financial position		
Trade and other payables excluding statutory liabilities	1,610,267	1,022,431

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

10 Credit quality 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.

Trade receivables

	2018 $	2017 $
Counterparties without external credit ratings		
Group 1	86,227	10,407
Group 2	47,353	82,118
Total unimpaired trade receivables (current and non-current)	133,580	92,525

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

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 (exclusive of held-to-maturity investment)

All cash at bank and short-term bank deposits are deposited with reputable banking institutions. The credit ratings of the financial institution were obtained by Standard and Poor's.

Cash and cash equivalents (Note 13)	Rating
Citibank International Plc	A-1
Republic Bank Limited	BBB+
Scotiabank Trinidad & Tobago Limited	A-1
First Citizens Bank Limited	BBB+
Available-for-sale asset (Note 12)	A-2
Held-to-maturity (Note 7)	A

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

11 Trade and other receivables (continued)

	2018 $	2017 $

Movements on the Group provision for impairment of trade and other receivables is as follows:

	2018 $	2017 $
As at 1 April	31,617	24,471
Provision for receivables impairment	4,107	8,089
Exchange adjustment	(25)	91
Unused amounts reversed	--	(38)
Receivables written off during the year as uncollectible	(4,194)	(996)
As at 31 March	31,505	31,617

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

Currency	2018 $	2017 $
TT dollar	1,128,704	668,044
US dollar	37,642	29,498
EC dollar	4,837	2,100
Total current and non-current	1,171,183	699,642

The creation and release of provision for impaired receivables have been included in other 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 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 Available-for-sale financial asset

	2018 $	2017 $
Opening balance	4,545	4,557
Net loss included within other comprehensive income	(473)	(12)
Closing balance	4,072	4,545
Available-for-sale financial assets include the following		
Listed securities:		
Bonds	4,072	4,545

This balance relates to units in the Clico Investment Fund (Note 7). The available-for-sale financial security is denominated in Trinidad and Tobago dollars and is not impaired (Note 10).

13 Cash and cash equivalents

Cash at bank and in hand	271,622	150,662
Short-term bank deposits	4,870	4,811
	276,492	155,473

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

14 Share capital

	2018 $	2017 $
Issued and fully paid		
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 assets and liabilities

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 30%. The gross movement in the deferred income tax account is as follows:

	2018 $	2017 $
At beginning of the year	(3,325)	(2,281)
Statement of other comprehensive income - OCI	13,371	904
Statement of comprehensive income charge (Note 25)	(169)	(1,948)
At end of year	9,877	(3,325)

The net deferred tax asset arises out of the temporary differences on the retirement and post-employment benefit liabilities, accelerated tax allowances on property, plant and equipment, taxation losses, unwinding of dismantlement provision and the provision for environmental clean-up costs.

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

	31.03.16 $	Charged/ (credited) to income statement $	Net charge to OCI $	31.03.17 $
Deferred tax assets				
Retirement benefit liability	(19,435)	(7,893)	1,912	(25,416)
Tax losses	(2,690)	2,690	–	–
Post-employment medical plan	(11,780)	(3,025)	(1,008)	(15,813)
Unwinding dismantlement provision	(1,853)	(578)	–	(2,431)
Provision for environmental clean-up costs	(3,580)	(507)	–	(4,087)
Total deferred tax asset	(39,338)	(9,313)	904	(47,747)
Deferred tax liability				
Accelerated depreciation	37,057	7,365	–	44,422
Total deferred tax liability	37,057	7,365	–	44,422
Net deferred tax asset	(2,281)	(1,948)	904	(3,325)

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

15 Deferred tax assets and liabilities (continued)

	31.03.17 $	Charged/ (credited) to income statement $	Net charge to OCI $	31.03.18 $
Deferred tax assets				
Retirement benefit liability	(25,416)	(4,889)	12,969	(17,336)
Post-employment medical plan	(15,813)	(843)	402	(16,254)
Unwinding dismantlement provision	(2,431)	(220)	–	(2,651)
Provision for environmental clean-up costs	(4,087)	700	–	(3,387)
Total deferred tax asset	(47,747)	(5,252)	13,371	(39,628)
Deferred tax liability				
Accelerated depreciation	44,422	5,083	–	49,505
Total deferred tax liability	44,422	5,083	–	49,505
Net deferred tax asset	(3,325)	(169)	13,371	9,877

16 Provision for environmental clean-up costs

	2018 $	2017 $
At beginning of year	13,622	14,319
Decrease in cost estimates	(2,064)	(1,164)
Unwinding of provision (Note 27)	520	609
Utilised during the year	(789)	(142)
At end of year	11,289	13,622

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision of approximately $151 (2017: $179) per company-owned service station has been made for environmental remediation works throughout the service station network. A discount rate of 4% (2017: 4.5%) was used to obtain the present value and an inflation rate of 1% (2017: 2.5%) was used.

The amount is expected to be settled as follows:

	2018	2017
Within 1 year (included within current liabilities)	1,770	2,314
Over 2 years (included within non-current liabilities)	9,519	11,308
	11,289	13,622

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

17 **Provision for dismantlement cost**	**2018** **$**	**2017** **$**
At beginning of year	16,618	16,534
Exchange adjustment	(1)	--
Increase/(decrease) in cost estimate	(1,195)	616
Unwinding of dismantlement provision (Note 24)	742	700
At end of year	16,164	16,618

In accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, an average provision of $131 (2017: $133) per service station has been made for dismantlement cost throughout the service station network. A discount rate of 4% (2017: 4.5%) was used to obtain the present value and an inflation rate of 1% (2017: 2.5%) was used.

The amount is expected to be settled as follows:

Within 2 to 5 years	14,044	11,020
Over 5 years	2,120	5,598
	16,164	16,618

18 Government grants

Grants in respect of the service station upgrades

At beginning of year	155,747	160,353
Amortised to statement of comprehensive income (Note 23)	(22,215)	(4,606)
	133,532	155,747

The Group received 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.

Other government grants

The Group anticipates it will receive from the Government of the Republic of Trinidad and Tobago (GORTT) a grant to settle interest due to a supplier of $39,389 (2017: $21,277).

Other grants (Notes 11 and 28)	39,389	21,277

19 Deferred franchise fee income

Franchisee fees relate to fees received under the franchise arrangements between the Group and Independent Contractors.

At beginning of year	4,211	5,446
Franchise fees received during the year	1,354	--
Amortised to statement of comprehensive income	(1,307)	(1,235)
	4,258	4,211

The amount will be settled as follows:

Within 1 year (included within current liabilities)	1,335	1,225
Over 1 year (included within non-current liabilities)	2,923	2,986
	4,258	4,211

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

20 Trade and other payables

	2018 $	2017 $
Trade payables	1,387,983	851,369
Sundry payables and accruals	222,916	172,122
Deposits on cylinders	35,097	32,487
	1,645,996	1,055,978

Included within trade payables is $1,386,118 (2017: $850,183) which is payable to the Petroleum Company of Trinidad and Tobago Limited (Note 28).

21 Cost of sales

Purchases of raw materials, goods for resale and other direct costs	3,746,658	3,391,874
Change in inventories	1,222	(12,300)
Subsidy (Note 28)	(596,242)	(494,480)
	3,151,638	2,885,094

The subsidy is received from the Government of the Republic of Trinidad and Tobago in respect of the purchase of fuel from the Petroleum Company of Trinidad and Tobago Limited for resale in the domestic market at controlled prices in accordance with the Petroleum Production Levy and Subsidy Act Chapter 62~02.

22 Other income

Loss on disposal of plant and equipment	(310)	(887)
Gain on exchange	–	224
Interest income	2,325	2,594
Rental income	10,100	10,630
Miscellaneous income	28,350	20,793
	40,465	33,354

Miscellaneous income includes an amount that the Group received and anticipates it will receive from the Government of the Republic of Trinidad and Tobago (GORTT) to settle interest due to a supplier of $18,112 (2017: $11,939).

23 Expenses

Amortisation of government grant (Note 18)	(22,215)	(4,606)
Directors' fees	730	794
Green fund levy	9,472	8,636
Pension plan expense (Note 6)	25,961	25,975
Retail outlet expenses	12,012	12,666
Medical plan expense (Note 6)	4,637	4,074
Depreciation (Note 5)	50,425	48,964
Operating overheads	56,389	57,368
	137,411	153,871
Distribution costs	23,281	22,178
Administration costs	154,337	148,417
	315,029	324,466

Administrative costs consist mainly of employee remuneration. Employee remuneration of $17,856 (2017: $18,310) is included within distribution costs.

Notes to the Consolidated Financial Statements (continued)
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24 **Finance costs**	2018 $	2017 $
Unwinding of dismantlement provision (Note 17)	742	700
Bank charges	376	467
Unwinding of environmental provision (Note 16)	520	609
Interest charges on trade payables	21,486	13,066
	23,124	14,842

25 Taxation

Corporation tax		
- Prior years' over provision	--	(1,091)
- Current year	1,099	1,845
Deferred taxation (Note 15)		
- Current year	(169)	(1,948)
Business levy	19,000	17,339
Charge to statement of comprehensive income	19,930	16,145

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

Profit/(loss) before taxation	13,363	(6,606)
Tax calculated at 30%	4,009	(1,982)
Expenses not deductible for tax purposes	2,981	4,169
Income not subject to tax	(6,684)	(1,168)
Prior years' over provision	--	(1,091)
Business levy	19,000	17,339
Taxable losses utilised	--	(1,156)
Other	624	4
Change in tax rate	--	30
Charge to statement of comprehensive income	19,930	16,145

26 Net foreign exchange gain

The net foreign exchange loss/(gain)	1,147	(7,162)

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

27 Employee benefit expense

	2018 $	2017 $
Wages and salaries	137,201	132,246
Net pension cost – post-employment medical plan (Note 6)	4,637	4,074
Net pension cost – retirement benefit plan (Note 6)	25,961	25,975
National Insurance	9,450	9,426
Other	10,864	15,499
	188,113	187,220
Number of employees	616	616

Employee benefit expenses are included within cost of sales and expenses.

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 affiliated companies as well as with entities directly and indirectly owned or controlled by the Government of the Republic of Trinidad and Tobago.

Related party transactions relate to the:

- Purchase of refined products from the Petroleum Company of Trinidad and Tobago Limited and the related subsidy on sale of products
- Sale of fuels to government bodies
- Bank balances held with First Citizens Bank Limited

Transactions with related parties comprise the following:

	2018 $	2017 $
(i) *Sales*		
Government ministries and state-owned enterprises	336,340	322,822
(ii) *Purchases*		
State-owned enterprise:		
- Purchases for Head Office	3,445,886	3,112,256
- Subsidy (Note 21)	(596,242)	(494,480)
	2,849,644	2,617,776
(iii) *Amortisation of government grant*		
Government of the Republic of Trinidad and Tobago (Notes 18 and 23)	22,215	4,606
(iv) *Key management compensation*		
Salaries and other benefits	7,766	4,691
Directors remuneration	462	786
Group contributions - Savings plan	136	72
Group contributions - Pension plan	498	341
	8,862	5,890

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

28 Related party transactions (continued)	2018 $	2017 $
(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)	783,854	468,915
Other amounts receivable from the Government of the Republic of Trinidad and Tobago (Note 11)	39,389	21,277
First Citizens Bank Limited - Amounts included within cash balances (Note 13)	210,525	94,527
Government ministries and state-owned enterprises – trade receivables (Note 11)	48,295	34,237
Rebate receivable from the Government of the Republic of Trinidad and Tobago on purchases from Phoenix Park Gas Processes Limited (Note 11)	13,654	8,879
	1,095,717	627,835
Due to related parties		
State-owned enterprises (Note 20)	1,432,678	850,183
Treasury surplus due to the Government of the Republic of Trinidad and Tobago	22,522	29,411
	1,455,200	879,594
(vi) *Administrative charges/service fees*		
Paid to related party		
Petroleum Company of Trinidad and Tobago Limited	76,654	78,795
(vii) *Deferred government grant*		
Government of the Republic of Trinidad and Tobago (Note 18)	133,532	155,747
(viii) *Government grants received/credited to the statement of comprehensive income*		
Other funding from the Government of the Republic of Trinidad and Tobago (Note 22)	39,389	21277

29 Contingencies and commitments

Contingencies

a. The Group is a defendant in various legal actions. In the opinion of management, after taking appropriate legal advice, the outcome of all actions not provided for will either not give rise to any significant loss or the outcome and amounts are uncertain.

b. The Group has a contingent liability arising from custom bonds held with First Citizen Bank Limited for $5,160 (2017: $5,160). It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for in Note 20.

(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:

	2018 $	2017 $
Property, plant and equipment	10,680	9,988

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:

	2018 $	2017 $
No later than one year	4,948	5,574
Later than 1 year and no later than 5 years	3,598	7,375
Later than 5 years	9,972	11,843
	18,518	24,792

Lease expenditure recognised in other expenses was $10,052 (2017: $9,257).

30 Subsequent events

Subsequent to the year end, the activities of Group's primary supplier of refined petroleum products, Petroleum Company of Trinidad and Tobago Limited (Petrotrin), a state enterprise and related party was restructured. Supplies of refined petroleum products are now being made by another state enterprise. The effect of the restructuring is currently being determined by management and the Group's operations have continued up to the date of issue of the financial statements.