Petroleum Company of Trinidad and Tobago Limited

Consolidated Financial Statements

2018 September 30

(Presented in Thousands of Trinidad and Tobago Dollars)

Petroleum Company of Trinidad and Tobago Limited

Statement of Management Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Petroleum Company of Trinidad and Tobago Limited (the Group), which comprise the consolidated statement of financial position as at 2018 September 30, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 the 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 audited consolidated 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.

Management changed the basis of preparation of the financial statements from going concern to non-going concern in the current year due to the decision taken by the Board of Directors to cease operations. As a result, the financial statements as at 2018 September 30 and for the year ended have been prepared using a non-going concern basis of accounting. Accordingly, the Group's accounting policies have been adjusted to align with the non-going concern basis of preparation.

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

Reynold Ajodhasingh   Anthony Chan Tack

2019 June 14   2019 June 14

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Independent Auditors' Report
To the Shareholders of Petroleum Company of Trinidad and Tobago Limited
Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Petroleum Company of Trinidad and Tobago Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 September 2018, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the *Basis of Qualified Opinion section of our report*, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

Documentation to support the veracity of certain trade and other payables and expenses recorded in the Group's records could not be provided by management. This was due to the inability of management to locate the supporting evidence from its repository of files and or to obtain directly from the respective vendors. We were unable to obtain sufficient appropriate audit evidence about the completeness and accuracy of the trade payable and other payables and expenses balances by other means. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

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

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Emphasis of Matter

We draw attention to Note 2b in the consolidated financial statements, which describes that the going concern basis of preparing the financial statements has not been used as a result of the restructuring activities. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

In arriving at our audit opinion above on the financial statements the key audit matters that had most significance in our audit were as follows:

Non-going concern basis of preparation	
Refer to pages 20 to 21 (financial disclosures)	
Description of the key audit matter	***How the matter was addressed in our audit***
By 30 September 2018, the shareholder had indicated its intent to terminate the entire work force of the Group and restructure the assets under a common-control transaction. By 1 December 2018, the restructure had been effected and a new group, under Trinidad Petroleum Holdings Limited, commenced operations. As a result of the restructure, the Group presented assets to be vested as distribution to shareholders within the consolidated statement of financial position and the impact on its consolidated statement of profit or loss and comprehensive income as discontinued operations. These accounting treatments require specific conditions to be met and judgements made at the consolidated statement of financial position date around the identification and measurement of assets. There are also detailed related disclosure requirements.	We obtained information which included the timing of announcements by the shareholder on the restructuring. We considered the following transactions and the impact it had in respect of the ability of the entity to continue into the foreseeable future: • The pre-year end announcement of the restructure and the cessation of the refinery operations (including de-inventorying the refinery, transfer of the refinery assets into a new entity, The Guaracara Refining Company Limited and seeking investor(s) for restarting refining operations); • The pre-year end announcement of the continuation of explorations and production activities with the intent to sell produced crude internationally; • The pre-year end announcement to establish a new entity, Paria Fuel Trading Company Limited, for the importation of refined products to meet the consumption requirements of the local market;

Non-going concern basis of preparation (continued)	
Refer to pages 20 to 21 (financial disclosures)	
Description of the key audit matter	***How the matter was addressed in our audit***
Assessing whether these financial statements should be prepared on going concern basis of accounting required critical assessment of the chain of events; the impact on this Group's operations; the future plans of this Group and application of accounting standards.	• The pre-year end announcement of the termination of entire workforce and the actual termination and settlement of severance in the subsequent period; • The post-year end vesting of core operational assets of the Group into new entities, Heritage Petroleum Company Limited, Paria Fuel Trading Company Limited and The Guaracara Refining Company Limited; • The post-year end transfer of the balance on the US$850m bond and US$750m bond to Trinidad Petroleum Holdings Limited; • The post-year end cessation of contributions to the Group's pension plans. • The post-year end termination of the pre-existing post-employment medical plan and its replacement with a Critical Care Fund and an insurance contracts; • The post-year end announcement that the outstanding liabilities of the Group would be settled from orderly liquidation of the remaining assets. We considered accounting guidance that an entity does not prepare its financial statements on a going concern basis if management determines either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so. This meant that even though some of the events described above happened after the reporting date the Group should nevertheless prepare its 2018 annual financial statements on a non-going concern basis. Accordingly, without modifying our opinion on the financial statements, we have included an emphasis of matter to highlight the alternative basis of accounting and the reason for its use.

Abandonment Provision	
Refer to Note 3.3 (accounting policy) and Note 22 (pages 84 to 85) (financial disclosures)	
Description of the key audit matter	***How the matter was addressed in our audit***
The amount of future decommissioning expenditure is estimated by reference to the decommissioning activities and actual cost incurred in restoring sites with adjustments for factors such as complexity of the technology to be applied. Management of the Group exercised their judgements to determine the timing of decommissioning, discount rate and the amount of future decommissioning expenditure to develop a decommissioning plan and cashflow projections to estimate the costs associated with these obligations. We identified the provision for decommissioning as a key audit matter due to the significant management judgement and estimation required in determining the amount of the provision.	Our procedures in relation to the provision for decommissioning included: • Obtaining an understanding of the management's process in developing the decommissioning plan, including meeting with the internal experts specialized in site restoration work to assess their scope and research; We challenged the timing of decommissioning with reference to the relevant exploration and production licenses and reserve reports; operations and estimated useful lives of the refinery plants and terminalling assets. We compared the estimated cost to dismantle to supplier quotes and rates per unit for staff costs, materials costs, transportation costs; The inflation and discount rates were compared to rates provided by independent industry data sources; and Evaluating sensitivity analysis performed by the management around the key assumptions with the cash flows forecast using a range of higher discount rates and future decommissioning expenditure involved.

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Impairment of E&P Assets	
Refer to Note 3.5 (accounting policy) and Note 8 (pages 64 to 65) (financial disclosures)	
Description of the key audit matter	***How the matter was addressed in our audit***
The Group's property, plant and equipment include exploration and production assets whose net book value was subject to an assessment for impairment triggered by low crude prices in the world market. The assessment of the recoverable value of these assets, incorporates significant judgement in respect of factors such as future production levels, commodity prices, operating/capital costs and economic assumptions such as discount rates, inflation rates and foreign currency rates. Due to the magnitude of the balances, small variations in the assumptions can have a significant impact on the calculations.	Our procedures to audit the valuation calculation included evaluating the Group's assumptions and estimates used to determine the recoverable value of its assets, including those relating to production, cost, capital expenditure, discount rates and foreign exchange rates. We used work undertaken by our own corporate finance and modelling specialists and compared Management's assumptions against external benchmarks (for example, commodity prices, inflation and discount rates) and considered the assumptions based on our knowledge of the Group and its industry. We assessed the appropriateness of the Group's identification of individual Cash Generating Units. Due to the complexity of the calculations, we validating the accuracy of formulae in the cash flow models and agreed relevant data inputs to the latest production plans. We performed sensitivity analyses of the valuation calculations on assets with a higher risk of impairment, or with the potential for a reversal of a previously recognised impairment. Assessing the adequacy of the Group's disclosures in respect of the significant estimates and judgments.

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<table>
<tr><td colspan="2">Impairment of R&M Assets</td></tr>
<tr><td colspan="2">Refer to Note 3.5 (accounting policy) and Note 8 (pages 64 to 65) (financial disclosures)</td></tr>
<tr><td>Description of the key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>By 30 September 2018, the shareholder had indicated its intent to cease refining operations of the Group until such time that investors can be found to operate the refinery under the newly formed entity, The Guaracara Refining Company Limited, to which these assets would be vested. On 30 November 2018, the operations of the refinery ceased and terminalling operations were transferred to a new entity, Paria Fuel Trading Company Limited, created out of a common-control transaction.

Accordingly, an assessment for impairment was triggered in the following:
• refinery plants and terminalling assets
• ancillary buildings supporting the refinery operations (e.g. laboratories, refinery control rooms)

Management engaged external specialists to provide valuation estimates of the recoverable amounts of its refinery and terminalling assets.</td><td>Our audit procedures included, amongst others, assessing Management's plans to utilize the fair value less cost to sell method to determine the value of the refinery assets.

Our procedures included assessing whether the underlying facts and circumstances support the accounting treatment adopted. This involved reading of minutes and other relevant supporting documentation as well as discussions with management and their external advisors. In performing these procedures we considered whether assets and liabilities presented as held for sale have been accurately identified and appropriately measured.

We evaluated the objectivity, competence and capabilities of external specialists engaged by Management.

Work was undertaken by our own asset valuation specialists to evaluate the valuation reports that supported the impairment calculation. This included assessment of the reasonableness of the key assumptions utilized such as economic conditions, projections of sales growth rates and discount rates.

We also assess the adequacy of the Group's disclosures in relation to these matters.</td></tr>
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Misstatement of pension and medical obligations	
Refer to Note 3.15 (accounting policy) and Note 8 (pages 66 to 71) (financial disclosures)	
Description of the key audit matter	***How the matter was addressed in our audit***
The pre-year end announcement of Petroleum Company of Trinidad and Tobago Limited (PETROTRIN) restructuring has resulted in the termination of employment of all employees as at 30 November 2018. Together with the loss of further contributions into the pension plan, assumptions about future salary increases and rates of voluntary withdrawal from service and early retirement previously adopted have been rendered redundant. The benefits under the medical plan were also curtailed going forward. We focused on this area because the valuation of the obligations and unquoted investments require the use of estimates and significant judgement and a small change in the assumptions can have a material impact on the financial statements. The pension plan assets include a number of investments for which there is no observable input to the fair value (i.e. no quoted market price). The valuation technique used to measure the fair value of these assets is inherently more uncertain than assets with observable fair value inputs. The key assumptions to which the liability is most sensitive, and to which we therefore paid particular attention in evaluating the valuation of the net deficit, were: • Discount rate: the discount rate is set with reference to the yield on Government bonds with terms appropriate to the duration of the liabilities; • Mortality: Scheme specific base tables should be used with an allowance for future improvements in life expectancy based on recent projections. These projections will depend on future expectations of improvements in life expectancy and are therefore uncertain.	We assessed the consistency of the methodology used and compared key assumptions to industry norms and specified external data sources. We assessed the independence and competence of the actuaries. We obtained details of the measurement of fair value for assets with no observable inputs. Such assets were typically corporate and government bonds. We obtained credit ratings and constructed yield curves against which we compared Management's valuations. Discount rate: We tested the appropriateness of the discount rate assumptions used by reference to the yields available on risk-free government bonds and the duration of the scheme's liabilities. Mortality: We tested the appropriateness of the base tables selected for use by management by reference to those provisionally adopted for the most recent actuarial valuation of the scheme and also market practice. We accessed corroborating data to obtain evidence that the assumptions used in calculating the pension scheme liabilities, including salary increases and mortality rate assumptions, were consistent with relevant national and industry benchmarks. Based on the evidence obtained from our testing of the assumptions outlined above, we considered the assumptions used for both schemes to be within our expected ranges and in line with recognised market practices.

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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 IFRS 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.

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

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

- Identify and assess the risks of material misstatement of the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- 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.

The engagement partner on the audit resulting in this independent auditors' report is Nigel Panchoo.

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Chartered Accountants

Port of Spain
Trinidad and Tobago
June 14, 2019

Petroleum Company of Trinidad and Tobago Limited
Consolidated Statement of Financial Position
(Presented in Thousands of Trinidad and Tobago Dollars)

	Note	2018 $	2017 $
ASSETS:			
Non-current assets			
Property, plant and equipment	6	--	18,709,167
Intangible assets and goodwill	7	--	4,703,422
Available-for-sale financial instruments	11	--	2,112
Investment - Other	12	--	23,827
Deferred income tax assets	13	--	11,077,407
Income taxes recoverable	14	--	530,683
Cash in escrow – shareholder	15	--	211,948
		--	35,258,566
Current assets		--	
Property, plant and equipment	6	77,757	--
Intangible assets and goodwill	7	--	
Available-for-sale financial instruments	11	2,930	--
Deferred income tax assets	13	5,100,052	--
Income taxes recoverable	14	530,683	--
Inventories	17	400	2,133,321
Receivables and prepayments	18	3,071,640	2,343,417
Cash and cash equivalents	19	407,501	852,222
Assets classified as held for distribution to owners	38	14,526,535	--
		23,717,498	5,328,960
Total assets		23,717,498	40,587,526

Petroleum Company of Trinidad and Tobago Limited
Consolidated Statement of Financial Position (Continued)
(Presented in Thousands of Trinidad and Tobago Dollars)

	Note	2018 $	2017 $
EQUITY AND LIABILITIES:			
Capital and reserves attributable to equity holders of the Company			
Share capital	20	2,272,274	2,272,274
(Accumulated deficit) / Retained earnings		(14,932,414)	1,232,225
Currency translation differences		365,158	498,787
		(12,294,982)	4,003,286
Non-controlling interests		(58,783)	(58,554)
Total equity		(12,353,765)	3,944,732
Liabilities			
Non-current liabilities			
Borrowings	21	--	7,384,200
Deferred income tax liabilities	13	--	10,212,662
Retirement benefit obligation– pension benefits	10 (a)	84,400	734,200
Retirement benefit obligation – medical benefits	10 (b)	130,200	2,536,700
Provisions	22	--	3,598,467
		214,600	24,466,229
Current liabilities			
Deferred income tax liabilities	13	5,099,905	--
Trade and other payables	24	7,856,790	5,616,483
Current tax liabilities	23	3,322,829	2,254,175
Current portion of long-term borrowings	21	7,424,608	482,018
Short-term loans	25	3,418,351	3,819,316
Provision	22	608,514	4,573
Liabilities held for distribution to owners	38	8,125,666	--
		35,856,663	12,176,565
Total liabilities		36,071,263	36,642,794
Total equity and liabilities		23,717,498	40,587,526

For the current year, the Group changed the basis of preparation of financial statements from going concern to non-going concern due to the decision taken by the Board of Directors as explained in Note 1.

The notes on pages 17 to 109 are an integral part of these consolidated financial statements.

On 2019 June 12 the Board of Directors of Petroleum Company of Trinidad and Tobago Limited authorised these consolidated financial statements for issue.

Director   Director

Petroleum Company of Trinidad and Tobago Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
(Presented in Thousands of Trinidad and Tobago Dollars)

Discontinued Operations	Note	Year ended September 30 2018 $	2017 $
Revenue	26	24,542,676	20,035,067
Cost of sales	28	(39,109,218)	(18,926,909)
Gross (loss) /profit		**(14,566,542)**	**1,108,158**
Expenses:			
Administrative expenses	28	(57,359)	(1,625,079)
Marketing expenses	28	(186,055)	(156,699)
Other operating expenses	28	(108,755)	(137,254)
		(352,169)	(1,919,032)
Impairment write-back related to investments - net	29	43,289	1,820
Other operating income	27	309,352	127,869
Operating loss		**(14,566,070)**	**(681,185)**
Finance income	31	2,170	1,474
Finance costs	31	(1,059,218)	(1,051,005)
Net Finance costs	31	(1,057,048)	(1,049,531)
Loss before tax		**(15,623,118)**	**(1,730,716)**
Income tax expense	32	(864,763)	(463,487)
Loss for the year		**(16,487,881)**	**(2,194,203)**

For the current year, the Group changed the basis of preparation of financial statements from going concern to non-going concern due to the decision taken by the Board of Directors as explained in Note 1.

All of the results in the current year are from discontinued operations whereas all the results of the prior year were from continuing operations since the decision to restructure was only made in the current year.

The notes on pages 17 to 109 are an integral part of these consolidated financial statements.

Petroleum Company of Trinidad and Tobago Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

(Presented in Thousands of Trinidad and Tobago Dollars)

	Note	Year ended September 30 2018 $	2017 $
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Currency translation differences		(133,621)	(52,362)
Re-measurements experience adjustments on retirement benefit obligation – pension benefits	10	8,700	(406,800)
Re-measurements experience adjustments on retirement benefit obligation – medical benefits	10	314,300	165,600
Income tax (charge) / credit on other comprehensive income		--	75,616
		189,379	(217,946)
Items that will be reclassified to profit or loss:			
Available-for-sale financial assets – net change in fair value		5	5
		5	5
Other comprehensive loss, net of tax		189,384	(217,941)
Total comprehensive loss		**(16,298,497)**	**(2,412,144)**
Loss attributable to:			
Equity holders of the Company		(16,487,644)	(2,190,775)
Non-controlling interests		(237)	(3,428)
		(16,487,881)	(2,194,203)
Total comprehensive loss attributable to:			
Equity holders of the Company		(16,298,260)	(2,408,430)
Non-controlling interests		(237)	(3,714)
		(16,298,497)	**(2,412,144)**

For the current year, the Group changed the basis of preparation of financial statements from going concern to non-going concern due to the decision taken by the Board of Directors as explained in Note 1.

All of the results in the current year are from discontinued operations whereas all the results of the prior year were from continuing operations since the decision to restructure was only made in the current year.

The notes on pages 17 to 109 are an integral part of these consolidated financial statements.

Petroleum Company of Trinidad and Tobago Limited
2018 September 30
Consolidated Statement of Changes in Equity
(Presented in Thousands of Trinidad and Tobago Dollars)

	Attributable to equity holders of the Company				Non-controlling interests	Total equity
	Share capital	Currency translation differences	Retained earnings	Total		
	$	$	$	$	$	$
Balance at 2017 September 30	**2,272,274**	**498,787**	**1,232,225**	**4,003,286**	**(58,554)**	**3,944,732**
Loss for the year	--	--	(16,487,644)	(16,487,644)	(237)	(16,487,881)
Other comprehensive income:						
Currency translation differences	--	(133,629)	--	(133,629)	8	(133,621)
Re-measurements experience adjustments on defined benefit asset (pension)			8,700	8,700	--	8,700
Re-measurements experience adjustments on defined benefit obligation (medical)	--	--	314,300	314,300	--	314,300
Change in fair value of available-for-sale financial instrument	--	--	5	5	--	5
Total other comprehensive (loss) / income	--	(133,629)	323,005	189,376	8	189,384
Total comprehensive loss for the year	--	(133,629)	(16,164,639)	(16,298,268)	(229)	(16,298,497)
Balance as at 2018 September 30	**2,272,274**	**365,158**	**(14,932,414)**	**(12,294,982)**	**(58,783)**	**(12,353,765)**

For the current year, the Group changed the basis of preparation of financial statements from going concern to non-going concern due to the decision taken by Board of Directors as explained in Notes 1.

The notes on pages 17 to 109 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (continued)

(Presented in Thousands of Trinidad and Tobago Dollars)

	Attributable to equity holders of the Company				Non-controlling interests	Total equity
	Share capital	Currency translation differences	Retained earnings	Total		
	$	$	$	$	$	$
Balance at 2016 September 30	**2,272,274**	**550,863**	**3,588,579**	**6,411,716**	**(54,840)**	**6,356,876**
Loss for the year	--	--	(2,190,775)	(2,190,775)	(3,428)	(2,194,203)
Other comprehensive income:						
Currency translation differences	--	(52,076)	--	(52,076)	(286)	(52,362)
Re-measurements experience adjustments on defined benefit asset (pension)	--	--	(406,800)	(406,800)	--	(406,800)
Re-measurements experience adjustments on defined benefit obligation (medical)	--	--	165,600	165,600	--	165,600
Change in fair value of available-for-sale financial instrument	--	--	5	5	--	5
Income tax expense on other comprehensive income	--	--	75,616	75,616	--	75,616
Total other comprehensive loss	--	(52,076)	(165,579)	(217,655)	(286)	(217,941)
Total comprehensive loss for the year	--	(52,076)	(2,356,354)	(2,408,430)	(3,714)	(2,412,144)
Balance as at 2017 September 30	**2,272,274**	**498,787**	**1,232,225**	**4,003,286**	**(58,554)**	**3,944,732**

For the current year, the Group changed the basis of preparation of financial statements from going concern to non-going concern due to the decision taken by Board of Directors as explained in Notes 1.

The notes on pages 17 to 109 are an integral part of these consolidated financial statements.

Petroleum Company of Trinidad and Tobago Limited
2018 September 30
Consolidated Statements of Cash flows
(Presented in Thousands of Trinidad and Tobago Dollars)

	Note	Year ended September 30 2018 $	2017 $
Cash flows from operating activities:			
Cash generated from operations	37	1,981,548	2,492,200
Tax paid		--	--
Net cash from operating activities		1,981,548	2,492,200
Cash flows from investing activities:			
Payments for property, plant and equipment and intangible assets		(605,289)	(530,106)
Proceeds from sale of property, plant and equipment	37	--	10,780
Amounts deposited to shareholder escrow account		(31,618)	(25,770)
Proceeds from non-current assets held for sale		--	27,692
Recovery on loans to related parties		68,795	4,669
Disbursements of loans to related parties		(2,830)	(2,862)
Investment in jointly controlled entity		(439)	--
Interest received		1,809	1,376
Net cash used in investing activities		(569,572)	(514,221)
Cash flows from financing activities:			
Proceeds from short-term loans		7,628,894	9,537,661
Repayments of short-term loans		(8,031,174)	(10,012,862)
Repayments of long-term borrowings		(391,281)	(391,281)
Interest paid		(929,626)	(939,673)
Net cash used in financing activities		(1,723,187)	(1,806,155)
Currency translation differences relating to cash and cash equivalents		(50,060)	(147,280)
(Decrease) / increase in cash and cash equivalents		(361,271)	24,544
Cash and cash equivalents at start of year		852,222	827,678
		490,951	852,222
Less: Amounts held for distribution	38	(83,450)	--
Cash and cash equivalents at end of year	19	**407,501**	**852,222**

For the current year the Group changed the basis of preparing financial statements from going concern to a non-going concern basis due to the decision taken by the Board of Directors as explained in Note 1.

The notes on pages 17 to 109 are an integral part of these consolidated financial statements.

(Presented in Thousands of Trinidad and Tobago Dollars)

1. Reporting entity

Petroleum Company of Trinidad and Tobago Limited (PETROTRIN) is incorporated in the Republic of Trinidad and Tobago. Petroleum Company of Trinidad and Tobago Limited and its subsidiaries (The Group) is primarily engaged in integrated petroleum operations which include the exploration for, development and production of hydrocarbons and the manufacturing and marketing of petroleum products. The sole shareholder is the Government of the Republic of Trinidad and Tobago (GORTT). The registered office is the Administration Building, Southern Main Road, Pointe-a-Pierre, Trinidad and Tobago, West Indies.

The consolidated financial statements of the Group as at and for the year ended 2018 September 30 comprise PETROTRIN and its subsidiaries (together referred to as the 'Group') and the Group's interest in jointly controlled entities.
The following subsidiaries have been consolidated:

Name of Company	Country of Incorporation	Proportion of Issued Equity Capital held
Trinidad and Tobago Marine Petroleum Company Limited	Trinidad and Tobago	80%

Trinidad and Tobago Marine Petroleum Company Limited (Trintomar) is principally engaged in developing and producing natural gas from the Pelican Field which originally formed part of the South East Coast Consortium area.

Trinidad Northern Areas Limited	United Kingdom	100 %

Trinidad Northern Areas Limited (TNA) was formed for the specific purpose of holding certain licenses. These licenses assign certain rights to explore for, drill, develop, produce and take oil, natural gas and other hydrocarbons from certain geological areas within the jurisdiction of Trinidad and Tobago.

*On 2018 December 01 all the rights, title and interest of PETROTRIN in the shares of Trintomar and TNA were transferred to a new legal entity owned by the state as explained further in Note 1.

Trinmar Limited	Trinidad and Tobago	100%

Trinmar Limited operated certain concessions in accordance with a Marine Operating Agreement dated August 1, 1960. This company is now dormant.

PEAPSL	Trinidad and Tobago	100 %

PETROTRIN EAP Services Limited (PEAPSL) provides counselling services for employees and third parties.

World GTL Trinidad Limited	Trinidad and Tobago	100%

WGTL TL was formed to undertake the construction, completion, ownership and operation of a gas to liquids plant at PETROTRIN's Pointe-a-Pierre refinery complex. In the current year, NiQuan Energy Trinidad Limited has consummated and concluded the sales and purchase agreement with World GTL Trinidad Limited (in receivership), under which it has acquired the plant, property and equipment in return for a cash payment of US$10 million plus US$25 million in non-convertible preference shares to the debenture holder, PETROTRIN. The preference shares in NiQuan Energy Trinidad Limited was valued by external valuator and have a nil carrying amount (refer to Note 39).

Petrotrin Panama Inc.	Panama	100 %

Petrotrin Panama Inc. was formed for the specific purpose of developing a market for its oil products in Panama and Central America. The Company is now dormant.

1. Reporting entity (continued)

Significant changes in the current reporting period – Restructuring, assets held for distribution and discontinued operations

On 2018 August 28, PETROTRIN's Board of Directors and the shareholders announced the following:

- Termination of all employees on 2018 November 30.
- Cessation of Refinery Operations on 2018 November 30.
- Cessation of Exploration and Production (E&P) activities by PETROTRIN on 2018 November 30.
- Conduct of E&P activities under a new legal entity owned by the state from 2018 December 01.
- Conduct of terminalling operations under a new legal entity owned by the state from 2018 December 01.
- Pursue opportunities for the refinery assets, with the assets being held by a new state owned entity.
- Pursue opportunities for the orderly divestment of the remaining assets.

Subsequent to the year end, legislation was passed by the Parliament of Trinidad and Tobago to vest PETROTRIN's assets into new legal entities, as described in Note 40. Implicit in the decision to terminate all employees was the closure of employee benefit arrangements provided pension fund and medical plans.

In accordance with the Group's accounting policy, restructuring costs amounting to $2,252,729 (Note 24.1) have been accrued and are included under current liabilities.

As a result of the above restructuring activities, the associated assets and liabilities of the Exploration and Production and Refining and Marketing operations were consequently presented as "held for distribution to owners" in the statement of financial position as at 2018 September 30 (refer to Note 38). All of the operations in the current period are shown as "discontinued operations" in the statement of profit or loss and other comprehensive income and statement of cash flows as there are no continuing operations of PETROTRIN. The discontinued operations presented in the statement of profit or loss and other comprehensive income and statement of cash flows in the comparative period include all operations that have been discontinued at the end of 2018 November 30. All of the results in the current year are from discontinued operations whereas all the results of the prior year were from continuing operations since the decision to restructure was only made in the current year.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and effective for the year ended 2018 September 30.

(b) Change in basis of measurement

In accordance with IAS 1 "Presentation of Financial Statements" and IAS 10 "Events after the Reporting Period" the Group changed the basis of preparing financial statements from going concern to a non-going concern effective 2017 October 01 due to the decision taken by the Board of Directors as explained in Note 1. This change in the basis of preparation was adopted as IAS 10 does not permit use of the going concern basis of accounting if management intends to cease operations either before or after year-end. This basis of presentation differs from the presentation adopted in the prior year when the Group was a going concern.

For financial statement presentation, the liquidating activities are those relating to the divestment of assets as well as costs incurred or expected to be incurred as a result of the restructuring. The Board of Directors is expecting an orderly disposal process as the Group seeks to realise its assets and settle its liabilities. The Group's accounting policies remain unchanged with the exception of property, plant and equipment; intangible asset; investment - other; cash in escrow; inventories and dismantling provisions due to the restructuring process described in Note 1. The associated asset and liabilities were consequently presented as assets or liabilities classified as "held for distribution" in the 2018 financial statements. The change in the accounting policy in relation to these line items were only in relation to those assets that were classified as held for distribution where these items were measured at the lower of its carrying amount and fair value less costs to distribute in accordance with IFRS 5. Costs to distribute are the incremental costs directly attributable to the distribution, excluding finance costs and income tax expense.

Arising from the Group's decision to cease operations, this was considered an impairment trigger for certain of the Group's assets as these are not expected to be realised in the normal course of business but rather from a process of divestment. See Note 3.3 (a) Property, plant and equipment, Note 11 Available-for-sale financial instruments and Note 39 Fair value. Management has already begun the process of divestment and expects to utilise the income generated from the divestment process to settle any outstanding liabilities of the Group going forward. Given the non-going concern basis of preparation and the uncertainty of when the divestment process will be completed management re-classified all of the assets as current at year end to reflect the fact that the Group is winding down.

The Group's liabilities with the exception of the medical and pension plan obligations have all been treated as current. The current liabilities reflects the manner in which the Group is expected to settle these obligations which comprises short term loans, creditor balances, amounts due to the tax authorities, liabilities held for distribution and dismantlement provisions. Long term loan facilities have also been classified as current on the basis that these were transferred to the newly structured Group subsequent to the year end (Note 40 (h)). Deferred taxes were also treated as current as the assets that gave rise to these liabilities will all be distributed within 12 months after the year end and the liability will no longer exist. The decommissioning provision have also been treated as current due to the uncertainty of when this will actually take place but it is management's intention to honour this obligations once the funds are realised from the divestment process to allow for this to be done. The Group's obligation for the medical and pension plans are expected to continue into the foreseeable future for a period for more than 12 months and have therefore been presented as non-current (Note 10, 40 (e) and (f)).

The accounting policy for all other assets and liabilities remain unchanged from the prior year as these are expected to be realised in the normal course of business.

2. Basis of preparation

(b) Change in basis of measurement (continued)

As at 2018 September 30, the Group's deficit amounted to $12,353,765 (2017: Equity was $3,944,732) and as at that date, the Group's current liabilities (inclusive of assets held for distribution to owners) exceeded current assets by $12,139,165. Assets held for distribution to owner amount to $14,526,535 Management and the Board of Directors are taking all reasonable steps to ensure all liabilities will be settled. The impact on the measurement of the Group's assets and liabilities has been specified in the notes to the Financial Statements. Additionally, the Group has recognised possible contractual obligations as a result of the restructuring (See Note 24.1). The Group has also disclosed contingent liabilities that could arise from the restructuring process, see Note 33.

(c) Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The United States dollar is the Group's functional currency. The consolidated financial statements are presented in Trinidad and Tobago dollars, rounded to the nearest thousand, which is the Group's presentation currency. The Group's main stakeholders are the Government of the Republic of Trinidad and Tobago, the Ministry of Finance and its employees.

Transactions and balances

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

Translation to presentation currency

The financial position and results of the Group are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of reporting;

- income and expenses for the 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

- all resulting exchange differences are recognised as a separate component of equity.

2. Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

Changes in estimates and judgements

Management changed the basis of preparing the financial statements from going concern to a non-going concern in the current year due to the decision taken by the Board of Directors to cease operations. As a result, the financial statements as at 2018 September 30 and for the year ended have been prepared using a non-going concern basis of accounting. Accordingly, the Group's accounting policies have been adjusted to align with the non-going concern basis of preparation. See Note 1.

3. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements have been applied consistently to all periods in the consolidated financial statements except as described in note 1 (b) above and are set out below.

3.1 Accounting standards and interpretations

New standards, amendments and interpretations adopted

There were no new standards, amendments and interpretations effective for PETROTRIN's accounting period beginning 2017 October 1, which were adopted in the current year.

3.2 Basis of consolidation

In these consolidated financial statements, subsidiary undertakings – which are those companies in which the Group directly or indirectly, has an interest of more than half the voting rights or otherwise has power to exercise control over the operations - have been fully consolidated. The investments in jointly controlled entities are accounted for using the equity method, and are recognised initially at cost.

(a) Subsidiaries

Subsidiaries are all 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 to direct the activities of the entity. The financial statements of subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date on which control ceases.

(b) Non-controlling interests

Non- controlling interest are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(c) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.
When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. Summary of significant accounting policies (continued)

3.2 Basis of consolidation (continued)

(e) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

(f) Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.

(g) Joint arrangements

Under IFRS 11 *Joint Arrangements,* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. PETROTRIN has both joint operations and joint ventures.

(h) Joint operations

PETROTRIN recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

3. Summary of significant accounting policies (continued)

3.3 Property, plant and equipment and certain intangible assets

The Group's property, plant and equipment comprised three broad groups of assets (refer to Notes 6, 7 and 38):

- Exploration and Production assets (E&P)
- Refining and Marketing assets (R&M)
- Other assets, comprising primarily real estate assets and medical facilities.

E&P and R&M assets represent the substantial majority of the Group's PPE and both were cash generating units. As at the statement of financial position date, there were impairment triggers for all of the above categories following the Group's restructuring as described in Note 1. Accordingly, E&P and R&M assets were treated as held for distribution (Refer to Note 38). E&P assets were reported at the lower of historic cost and value in use (VIU). VIU was used because the underlying assets continued in operation under a new entity controlled by the Government of Trinidad and Tobago (GORTT). R&M assets were reported at the lower of historic cost and fair value as determined by an independent external valuator. Fair value was used because the refinery was put in preservation mode on 2018 November 30. Refer to Note 38 and 39. Other assets; the majority of this balance comprises items which were reported at the lower of historic cost and fair value as determined by an independent external valuator. Fair value was used as it was practical to do so given the nature of the assets. Refer to Note 38 and 39.

(a) Oil and gas assets

Oil and gas properties are aggregated exploration and evaluation (E&E) tangible assets associated with finding commercial reserves, and development and production expenditures related to developing the commercial reserves discovered and bringing them into production, together with E&E expenditures transferred from intangible E&E assets.

The cost of development and production assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads, finance costs capitalised, and the cost of recognising provisions for future restoration and decommissioning.

Exploration and evaluation assets – Capitalisation

Oil and natural gas exploration and evaluation expenditures are accounted for using the successful efforts method of accounting. Under this method, costs are accumulated on a field-by-field basis and capitalised upon discovery of commercially viable mineral reserves. If the commercial viability is not achieved or achievable, such costs are charged to expense.

Capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure.

Costs incurred in the exploration and evaluation of assets includes:

License and property acquisition costs - Exploration and property leasehold acquisition costs are capitalised within intangible assets until determination of commercially viable mineral reserves. If commercial viability is not obtained these costs are written off.

Exploration and evaluation expenditure - Capitalisation is made within property, plant and equipment or intangible assets according to its nature. However, the majority of such expenditure is capitalised as an intangible asset including geological and geophysical costs. Costs directly associated with an exploration well are capitalised until the determination of commercial reserves is evaluated. If commercial reserves are found the costs continue to be carried as an asset. If commercial reserves are not found, exploration and evaluation expenditures are written off as a dry hole.

3. Summary of significant accounting policies (continued)

3.3 Property, plant and equipment and certain intangible assets (continued)

(a) Oil and gas assets (continued)

Exploration and evaluation assets – Capitalisation (continued)

Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to development tangible and intangible assets as applicable. No depreciation and/or amortisation are charged during the exploration and evaluation phase.

Exploration and evaluation assets – Impairment

See Note 3.5 for the accounting policy related to impairment.

Development/Production tangible and intangible assets - Capitalisation

Acquisitions, asset purchases and disposals

Acquisitions of oil and gas properties are accounted for under the purchase method. (See Note 3.2 for accounting policy).

Transactions involving the purchases of an individual field interest, or a group of field interests, are treated as asset purchases, irrespective of whether the specific transactions involve the transfer of the field interests directly, or the transfer of an incorporated entity. Accordingly, the consideration is allocated to the assets and liabilities purchased on a relative fair value basis.

Proceeds on disposal are applied to the carrying amount of the specific intangible asset or development and production assets disposed. Any excess is recorded as a gain on disposal, and any shortfall between the proceeds and the carrying amount is recorded as a loss on disposal, in profit or loss.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development commercially proven wells is capitalised within tangible and intangible assets according to its nature. When development is completed on a specific field it is transferred to production assets. No depreciation and/or amortisation are charged during the development phase.

See Note 3.12 for the accounting policy related to borrowing costs.

Development/Production tangible and intangible assets – Impairment

See Note 3.5 for the accounting policy related to impairment.

Production assets – Depreciation

Oil and gas properties are depreciated generally on a field-by-field basis using the unit-of-production method. Unit-of-production rates are based on production and proved producing reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing wells with existing facilities using current operating methods. Under the unit-of-production method, oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

Producing assets are generally grouped into cash generating units with other assets that are dedicated to serving the same reserves for depreciation purposes, but are depreciated separately from producing assets that serve other reserves. The cash generating unit applied for depreciation purposes is generally the field, except that a number of field interests may be grouped as a single cash generating unit where the cash flows of each field are inter-dependent.

3. Summary of significant accounting policies (continued)

3.3 Property, plant and equipment and certain intangible assets (continued)

(a) Oil and gas assets (continued)

Provision for decommissioning costs

Provision for decommissioning is recognised in full at the commencement of oil and gas production. The amount recognised is the net present value of the estimated cost of decommissioning at the end of the economic producing lives of the wells and the end of the useful lives of refinery and storage units. Such costs include removal of equipment, restoration of land or seabed. The unwinding of the discount on the provision is included in profit or loss within finance costs.

A corresponding intangible asset is also created at an amount equal to the provision. This is subsequently depleted as part of the capital costs of the production assets. Any change in the present value of the estimated expenditure or discount rates are reflected as an adjustment to the provision and the intangible asset and dealt with prospectively.

When decommissioning liability is shared with other parties, as in the case of jointly controlled assets, the Group recognises as its provision, the proportion for which it is liable.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a risk free rate in the same currency as the obligation and with similar maturity. These rates were obtained from the Trinidad and Tobago Treasury Yield Curve as quoted by the Central Bank of Trinidad and Tobago as at 2018 September 30.

(Presented in Thousands of Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

3.3 Property, plant and equipment and certain intangible assets (continued)

(b) Refining and other non-oil and gas assets

All other property, plant and equipment are stated at historical cost less accumulated depreciation and less accumulated impairment losses. Intangible costs capitalised within the refinery generally includes external consulting costs incurred in the upgrading of the refinery processes, management systems and implementation of new and upgraded technology.

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. Refinery spares inventory is allocated to refining assets. Repairs and maintenance, except for major overhaul costs (See Note 3.3 c), are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other non-oil and gas assets is calculated using the following rates and methods to allocate the cost to their residual values over their estimated useful lives:

Manufacturing plant and equipment	3.75% to 10%	- straight-line
Refinery spares	5%	- straight-line
Floating property	20%	- diminishing balance
Transportation equipment	20%	- diminishing balance
Furniture and fixtures	20%	- diminishing balance
Domestic appliances	20%	- straight-line
Buildings	5%	- diminishing balance
Computer equipment/software (specialised)	10%	- straight-line
Computer equipment/software (non-specialised)	33.3%	- straight-line
Other supporting equipment and facilities	27.5%	- in the first year and 7.5% on a diminishing balance for subsequent years

The expected useful lives of property, plant and equipment are reviewed on an annual basis, and if necessary changes in useful lives are adjusted for prospectively.

These assets are derecognised upon disposal or when no future economic benefits are expected to arise from continued use. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within profit or loss. Any change in the present value of the estimated expenditure or discount rates are reflected as an adjustment to the provision and the intangible asset and dealt with prospectively. See Note 3.12 for the accounting policy related to borrowing costs.

3. Summary of significant accounting policies (continued)

3.3 Property, plant and equipment and certain intangible assets (continued)

(c) Major overhaul costs

Major overhaul costs include catalyst costs and expenditure incurred in testing and inspection work carried out on manufacturing plant and equipment. These costs are incurred at regular intervals over the useful life of the asset and are incurred to allow the continued use of the asset. These costs are accounted for as a component of the asset. Costs less residual value were written off in fiscal year 2018 as a result of the decision to exit the refinery segment on 2018 November 30. In previous fiscal years, major overhaul cost were amortised over a period of 3-5 years on a straight line basis.

3.4 Intangible assets

(a) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (ten years for specialised software, three years for non-specialised software).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly associated to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include software development, employee cost, and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(b) Other intangible assets

This comprises intangible costs associated with tangible PP&E structures. Refer to Note 3.3 (a).

3. Summary of significant accounting policies (continued)

3.5 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

Non-financial assets	
Exploration and Evaluation assets	Exploration and evaluation assets are tested for impairment when reclassified to development tangible and intangible assets as applicable or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceed their recoverable amount. The recoverable amount is the higher of the exploration and evaluations assets' fair value less costs to sell and their value-in-use. For the purposes of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash generating units (CGUs) of related production fields located in the same geographical region. The geographical region is the same as that used for reserves reporting purposes. The following indicators are evaluated to determine whether these assets should be tested for impairment: ▪ the period for which the Group has the right to explore in the specific area; ▪ whether substantive expenditure on further exploration and evaluation in the specific area is budgeted or planned; ▪ whether exploration and evaluation in the specific area have not led to the discovery of commercially viable quantities and the Group has decided to discontinue such activities in the specific area; ▪ sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3. Summary of significant accounting policies (continued)

3.5 Impairment of non-financial assets (continued)

Non-financial assets	
Development and Production Intangible assets	Intangible assets that have an indefinite useful life and/or are not yet available for use are not subject to amortisation, and, therefore, are tested annually for impairment.
Tangible 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. Assets are grouped together into the smallest group of assets (CGU) that generate cash inflows from continuing use that are largely independent of the cash flows of other assets or cash generating units (CGU). The recoverable amount of the CGU is the greater of the value in use and its fair value less cost to sell. The value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The carrying value is compared against the expected recoverable amount. If the carrying amount of the asset or CGU exceeds its recoverable amount, an impairment loss is recognised in the profit or loss and reduces the carrying amounts of the assets in the CGU. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. The cash generating unit applied for impairment test purposes is generally the field. These fields are the same as that used for reserves reporting purposes.

3.6 Financial assets

3.6.1 Classification

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

(a) Loans and receivables

Loans and 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 months after the reporting date, which are classified as non-current assets. Loans and receivables include trade and other receivables, cash and cash equivalents in the statement of financial position.

(b) Available-for-sale financial instruments

Available-for-sale financial assets comprise financial instruments in unquoted equity. They are included in non-current assets unless Management intends to dispose of the investment within 12 months of the reporting date.

3. Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

3.6.2 Recognition and measurement

Loans and receivables as well as available-for-sale financial instruments are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses, while available-for-sale financial instruments are recorded at cost less impairment.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Translation differences on monetary financial assets and liabilities are recognised in profit or loss.

Management assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities 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.

3.7 Inventories

Inventories of crude oil and refined products are stated at the lower of cost and net realisable value.
Cost is determined using the weighted average cost.

(a) Crude oil

The cost of purchased crude oil for the month is valued using the weighted average cost.

The cost of produced crude oil for the month is computed on the basis of the related month's production costs. Net realisable value is based on the market prices of an equivalent grade of crude oil.

(b) Refined products

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

The total product cost is comprised of the production cost of own crude, the cost of purchased crude and the total refinery expenses (adjusted to exclude incremental expenses related to the processing of crude for third parties).

Net realisable values are refined products sales prices as quoted in the 'Caribbean Postings' and the 'Platts Oilgram' at the close of the reporting period.

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

3. Summary of significant accounting policies (continued)

3.7 Inventories (continued)

(c) Materials and supplies

Inventories of materials and supplies are stated at the lower of cost and net realisable value except for precious metals included in catalysts which are stated at market value on the statement of financial position date. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses of the materials and supplies. Refinery spare parts are considered refining assets. See Note 3.3 (b).

3.8 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. Any provision for impairment is recognised in profit or loss within cost of sales. When a trade receivable is uncollectible, it is written off against the provision for impairment account for trade receivables. Subsequent recoveries of amounts previously written off are credited against cost of sales in profit or loss.

3.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and cheques issued but not yet presented to financial institutions. Cash and cash equivalents are subject to insignificant risk of changes in value.

Cash in escrow is subjected to regulatory restrictions and are therefore not available for general use by the other entities within the Group. Refer to Note 16.

3.10 Share capital

Ordinary shares are classified as equity.

3.11 Trade and other payables

These amounts represent liabilities for goods and services provided, royalties and taxes other than income taxes due to Government of Trinidad and Tobago, unpaid benefits due to employees as at 2018 September 30. These amounts are unsecured and are due within 60 days of recognition

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

3.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised over the period of the borrowings using the effective interest method.
Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3. Summary of significant accounting policies (continued)

3.12 Borrowings (continued)

Borrowing Costs

Specific and general borrowing costs incurred for the construction of qualifying assets are capitalised during the period of time required to complete and prepare the asset for its intended use. Interest on general borrowings eligible for capitalisation is determined by applying a capitalisation rate to expenditure on qualifying assets. The capitalisation rate is the weighted average of borrowing costs applicable to the borrowings of the Group, that are outstanding during the period, other than specific borrowings.

This amount is capitalised during the construction period of the qualifying asset, and upon completion of the asset, it is recognised in profit or loss until the maturity of borrowings.

Other borrowing costs are expensed in the period in which it is incurred.

3.13 Provisions

Provisions are recognised when the Group has the 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 can be reliably settled.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3. Summary of significant accounting policies (continued)

3.14 Current and deferred income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3. Summary of significant accounting policies (continued)

3.15 Employee benefits

(a) Short-term employee benefits

Short-term employee benefits for wages and salaries, including non-monetary benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Defined benefit plans

Retirement benefits for employees are provided through two (2) defined benefit plans, which are funded by contributions from employers and employees. The schemes are generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Refer to note 10 which explains the effect of curtailments to both plans which were accounted for in the current year.

3. Summary of significant accounting policies (continued)

3.15 Employee benefits (continued)

(c) Other post-employment obligations

The Group provides post-employment healthcare benefits to its retirees under two (2) medical plans. The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. 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 an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are immediately recognised in other comprehensive income. Re-measurements are recognised in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Refer to note 10 which explains the effect of curtailments to both plans which were accounted for in the current year.

(d) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, they are discounted.

3. Summary of significant accounting policies (continued)

3.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Included in revenue is an amount relating to subsidy on local refined product sales, this amount is recognised on the same basis as revenue is recognised and incurs an interest charge for late payment.

(a) Sales revenue

Revenues from sales of products are recognised upon transfer of risks and rewards associated with the ownership of products. In particular, revenues are recognised:

- for crude oil, generally upon shipment;
- for natural gas and natural gas liquids, when the natural gas is delivered to the customer;
- for refined products, generally upon shipment.

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

Revenues from the sale of crude oil and, natural gas produced in properties in which PETROTRIN has an interest together with other producers, are recognised on the basis of PETROTRIN's working interest in those properties (entitlement method).

(b) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Royalty income is comprised mainly of overriding royalties from lease operator and farmout arrangements.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument. Interest income on impaired loans is recognised using the original effective interest rate.

(d) Marine income and processing fees

Marine income and processing fees are recognised upon delivery of services and customer acceptance. Marine income is comprised mainly of wharf dues, barging fees, tug and launch hire.

3. Summary of significant accounting policies (continued)

3.17 Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.18 Dividend distribution

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

3. Summary of significant accounting policies (continued)

3.19 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Certain of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3. Summary of significant accounting policies (continued)

3.20 Assets and liabilities held for distribution to owners and discontinued operations

A non-current asset (or disposal group) is classified as held for distribution to owners when the entity is committed to distribute the asset (or disposal group) to the owners. For this to be the case the assets must be available for immediate distribution in their present condition and the distribution must be highly probable. They are measured at lower of their carrying amount and fair value less costs to distribute except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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

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

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

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented in the statement of profit or loss. All of the operations in the current period are shown as "discontinued operations" in the statement of comprehensive income and cash flows as there are no continuing operations of the Group. The discontinued operations presented in the statement of comprehensive income and statement of cash flows in the comparative period include all operations that have been discontinued at the end of 2018 September 30 therefore no restatement was required for presentation purposes since there were no continuing operations to contrast with.

4. Financial risk management

Risk management framework

The Board of Directors (Board) has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Department which is responsible for developing and monitoring the Group's risk management policies.

4.1 Financial risk factors

The Group has exposure to the following risk from its use of financial instruments:

- market risk (including commodity and other price risk and interest rate risk);
- credit risk;
- liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not at this time use derivative financial instruments to hedge its risk exposures.

(a) Market risk

(i) Commodity and other price risk

The Group purchases approximately 68.4% (2017: 67%) of the total crude that is processed at the refinery. As a result, with respect to this stream of crude oil supply, the Group is exposed to fluctuations in the differential between the price of crude oil purchased and the prices at which refined products are sold.

Own-crude production makes up the remaining 31.6% (2017: 33%) of total crude oil processed at the refinery. The Group is therefore exposed to fluctuations in the market prices of refined products derived from this stream of crude oil supply.

The Group is also exposed to fluctuations in the prices of liquefied natural gas (LNG) sales, which is sold at market prices.

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

Other price risks arise due to the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is affected by changing prices of equity instruments mainly classified as investments available-for-sale with fair value movements recognised in shareholders' equity.

In the years ended 2017 September 30 to 2018 September 30, Management deemed the price risk impact on equity instruments classified as available-for-sale to be immaterial.

(Presented in Thousands of Trinidad and Tobago dollars)

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The functional currency of the Group's cash flows is the United States dollar (USD) since the Group's major product, oil is priced internationally in USD. Foreign currency transaction exposures mainly arise on the Group's sales or purchases in currencies other than USD. Also foreign currency translation exposures arise from financial instruments denominated in currencies other than USD.

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

	As at September 30	
	2018	**2017**
Year-end	6.75225	6.74210
Average rate during the year	6.75608	6.74944

The following tables demonstrate the sensitivity of the Group's profit after tax to a reasonably possible movement of the USD against the TTD holding all other variables constant.

		As at 2018 September 30			
	Note	**TT$**	**Other**	**US$**	**Total**
Assets					
Income taxes recoverable	14	530,683	--	--	530,683
Receivables *	18	1,922,833	--	1,047,474	2,970,307
Cash and cash equivalents	19	100,308	--	307,193	407,501
Financial assets		2,553,824	--	1,354,667	3,908,491
Liabilities					
Borrowings	21	(30,556)	--	(7,394,052)	(7,424,608)
Trade and other payables	24	(1,332,860)	(14,872)	(6,509,058)	(7,856,790)
Current tax liabilities	23	(3,322,829)	--	--	(3,322,829)
Short-term loans	25	--	--	(3,418,351)	(3,418,351)
Financial liabilities		(4,686,245)	(14,872)	(17,321,461)	(22,022,578)
** excludes prepayments*					
Net currency exposure		**(2,132,421)**	**(14,872)**	**(15,966,794)**	**(18,114,087)**
Reasonably possible change in exchange rate		5%	5%	--	--
Effect on loss after tax		**(106,621)**	**(744)**	--	**(107,365)**

(Presented in Thousands of Trinidad and Tobago dollars)

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Foreign currency risk (continued)

		As at 2017 September 30			
	Note	**TT$**	**Other**	**US$**	**Total**
Assets					
Income taxes recoverable	14	530,683	--	--	530,683
Cash in escrow – shareholder	15	--	--	211,948	211,948
Receivables *	18	887,990	--	1,047,137	1,935,127
Cash and cash equivalents	19	113,808	--	738,414	852,222
Financial assets		**1,532,481**	**--**	**1,997,499**	**3,529,980**
Liabilities					
Borrowings	21	(30,608)	--	(7,835,610)	(7,866,218)
Trade and other payables	24	(2,747,820)	(2,346)	(2,866,317)	(5,616,483)
Current tax liabilities	23	(2,254,175)	--	--	(2,254,175)
Short-term loans	25	--	--	(3,819,316)	(3,819,316)
Financial liabilities		**(5,032,603)**	**(2,346)**	**(14,521,243)**	**(19,556,192)**
* *excludes prepayments*					
Net currency exposure		**(3,500,122)**	**(2,346)**	**(12,523,744)**	**(16,026,212)**
Reasonably possible change in exchange rate		5%	5%	--	--
Effect on loss after tax		**(175,006)**	**(117)**	**--**	**(175,123)**

(Presented in Thousands of Trinidad and Tobago dollars)

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Group is exposed to cash flow or market interest rate risk mainly on its short-term bank deposits and short-term loans. These transactions are negotiated at fixed rates but are subject to repricing risk. Short-term deposits were repriced daily in 2018 and 2017, while short-term loans had maturities of 30-360 days in 2018 (2017: 30-365 days).

The Group does not account for any fixed rate financial assets or financial liabilities, primarily long term debt, at fair value through profit or loss, therefore any change in interest rates at reporting date will not affect profit or loss. It is exposed to interest rate repricing risk primarily on short-term bank deposits and short-term loans.

The Group monitors interest rate risk using interest rate sensitivity analysis. The interest rate profile of the Group's interest bearing financial instruments is illustrated below:

	As at September 30	
	2018	2017
	$	$
Fixed rate instruments		
Financial assets	2,930	2,112
Financial liabilities	(9,627,554)	(10,640,508)
	(9,624,624)	(10,638,396)
Variable rate instruments		
Financial assets	407,501	852,222
Financial liabilities	(1,215,405)	(1,045,026)
	(807,904)	(192,804)

The table below summarises the Group's exposures to interest rate repricing risk.

	Effect on profit after tax Year ended September 30	
	2018	2017
	$	$
Change in interest rate:		
Increase by 1%	(8,079)	(1,928)
Decrease by 1%	8,079	1,928

(Presented in Thousands of Trinidad and Tobago dollars)

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(iv) Fair value risk

The Group is exposed to fair value risk on 100% of its long-term borrowings which are fixed. The Group's preference is for fixed rate debt but considers market conditions at the time of loan negotiations in making fixed versus floating rate decisions. There is no significant exposure to fair value risk on other financial instruments.

The table below shows the carrying amounts and fair values of both long term and short term borrowings. The carrying amounts of short-term borrowings approximate to their fair values.

	As at September 30			
	2018		2017	
	Carrying values	*Fair values*	*Carrying values*	*Fair values*
	$	$	$	$
Borrowings	(7,424,608)	(7,560,829)	(7,866,218)	(8,265,716)
Short-term loans	(3,418,351)	(3,418,351)	(3,819,316)	(3,819,316)
	(10,842,959)	(10,979,180)	(11,685,534)	(12,085,032)

The valuation technique used in measuring the fair value of borrowings is described below:

Financial instrument	Valuation technique
Debt securities	The fair value of borrowings was derived by discounting all future cash flows at prevailing market interest rates that ranged from 2018: 7.42% to 8.42% (2017: 6.79% to 7.14%). The discount rates used to derive the fair value of the bonds represent the borrowing rates if PETROTRIN were to access the market at year-end. This pricing is derived from Bloomberg's screen shot of price based on the yield to maturity (YTM) on the associated bond at year-end.

(b) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Group. It arises from cash and cash equivalents, deposits with banks and other financial institutions and principally from credit exposure to trade and other customers including outstanding receivables and committed transactions. For banks and other financial institutions, only independently rated parties with a minimum rating of 'BBB' are accepted. If trade customers are independently rated, these ratings are used.

(Presented in Thousands of Trinidad and Tobago dollars)

4. Financial risk management (continued)

4.1 Financial risk factors (continued

(b) Credit risk (continued)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The review includes external ratings if they are available, financial statements, credit agency information, industry information, and in some cases bank references. Credit risk mitigation requires companies to have a minimum of an investment grade rating from reputable rating agencies or irrevocable letters of credit issued and confirmed by rated banks or payment in advance. Sale limits and payment tenors no longer than one month are established for each customer and reviewed annually. The Group has no significant concentration of credit risk.

The maximum exposure to credit risk for gross trade and related parties balances, by geographic region was as follows:

	As at September 30	
	2018	2017
	$	$
Local	2,823,222	1,462,293
Regional	285,109	238,052
International	248,873	135,251
Gross trade and related parties	**3,357,204**	**1,835,596**

An analysis of the credit quality of trade and related parties that were not impaired is as follows:

	As at September 30	
	2018	**2017**
	$	**$**
Less than one year trading history*	110	5,663
Customers between one and four years trading history*	187,666	49,931
Customer with over four years trading history*	2,762,276	1,717,095
Higher risk	891	81
	2,950,943	**1,772,770**

* *excludes higher risk*

Included in local revenues arising from direct sales of product is approximately 16.01% (2017: 16.17%) which arose from sales to Trinidad and Tobago National Petroleum Marketing Company Limited (NPMC), the Group's largest customer in Trinidad and Tobago. As at 2018 September 30, outstanding receivables from NPMC represented 63.74% (2017: 52.98%) of local receivables and 52.68% (2017: 44.05%) of total receivables. The risk from NPMC is minimal as both PETROTRIN and NPMC are State owned. Although part of the outstanding balance is past due, historically NPMC has settled its debt to PETROTRIN. The fair values of trade and other receivables approximate their carrying amounts.

(Presented in Thousands of Trinidad and Tobago dollars)

4. Financial risk management (continued)

4.1 Financial risk factors (continued

(b) Credit risk (continued)

Trade and other receivables (continued)

The table below is an aging of the gross trade and other receivables balance, excluding prepayments and taxes:

	As at September 30	
	2018	**2017**
Fully performing	1,584,098	946,273
Past due but not impaired:		
within 30 days	372,794	257,827
31 to 60 days	114,542	87,835
61 to 90 days	113,670	58,579
over 90 days	782,144	580,856
Impaired	639,799	306,684
Total	3,607,047	2,238,054

The movement in the provision for impairment of receivables during the year was as follows:

	Year ended September 30	
	2018	**2017**
	$	**$**
Balance at start of year	(306,684)	(253,599)
Exchange adjustments	(1,250)	70
*Charge for the year	(382,380)	(53,130)
Debts written-off with related parties: Trintoc & Trintopec (not part of the Consolidated Group)	50,510	--
Receivables written-off during the year as uncollectible	5	(25)
Balance at end of year	(639,799)	(306,684)

*The increase in the provision for bad and doubtful debt is mainly due to the discount on sale of subsidy receivable from NPMC and United Independent Petroleum Marketing Company Limited (UNIPET) to separate financial institutions (Note18) on 2018 November 30.

(Presented in Thousands of Trinidad and Tobago dollars)

4. Financial risk management (continued)

4.1 Financial risk factors (continued

(b) Credit risk (continued)

Trade and other receivables (continued)

The maximum exposure to credit risk at the respective reporting dates is the carrying values of the following financial assets: cash-in-escrow, available-for-sale financial instruments, loans receivable, receivables and cash and cash equivalents. The Group's maximum exposure totalled $3,377,679 (2017: $2,997,652).

	Note	As at September 30 2018 $	2017 $
Assets as at reporting date			
Available for sale financial instruments	11	2,930	2,112
Cash in escrow – shareholder	15	--	211,948
Trade and other receivables excluding prepayments and taxes	18	2,967,248	1,931,370
Cash and cash equivalents	19	407,501	852,222
		3,377,679	2,997,652

(c) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for Group business activities may not be available. Such risk is managed in accordance with Group policies aimed at ensuring that sufficient net funds and credit facilities are available to meet operational expenses, including the servicing of financial obligations.

The main method for the measurement and monitoring of liquidity is cash flow forecasting. The Group ensures that it has access to sufficient funding by using undrawn borrowing facilities to meet foreseeable borrowing requirements. The Group's treasury function co-ordinates relationships with banks, borrowing requirements and cash management. As at 2018 September 30, the Group has short-term credit facilities with various foreign and local banking institutions totalling $4,569,300 (2017: $5,065,689) of which the sum of $1,004,371 (2017: $1,102,417) was unutilised.

(Presented in Thousands of Trinidad and Tobago dollars)

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The Group has a long-term debt rating of B1 (stable outlook) and BB (stable outlook) assigned by Moody's (2017 April 26) and Standard and Poor's (2018 April 30) respectively. On 2018 September 25, Moody's placed Petroleum Co. of Trinidad &Tobago's (PETROTRIN) B1 corporate family rating and senior unsecured debt ratings on review for downgrade. This rating action was based on the decision to restructure PETROTRIN. See Note 40 (i).

The table below presents the financial liabilities payable by the Group by remaining contractual maturities at the reporting date. The contractual outflows refer to the underlying agreements for the 9.75% Notes due 2019 and 6.000% Notes due 2022 which were subsequently transferred from PETROTRIN (Existing Obligor) to Trinidad Petroleum Holdings Limited (New Obligor). Refer to note 40.

As at 2018 September 30
Contractual cash flows

Financial liabilities	**Carrying values** $	**Total** $	**Less than 1 year** $	**Between 1 and 2 years** $	**Between 2 and 4 years** $	**Over 4 years** $
Borrowings	(7,424,608)	(7,810,146)	(6,414,920)	(489,507)	(905,719)	--
Trade and other payables (excluding statutory liabilities)	(5,216,779)	(5,459,727)	(5,459,727)	--	--	--
Short-term loans	(3,418,351)	(3,512,242)	(3,512,242)	--	--	--
	(16,059,738)	**(16,782,115)**	**(15,386,889)**	**(489,507)**	**(905,719)**	**--**

As at 2017 September 30
Contractual cash flows

Financial liabilities	**Carrying values** $	**Total** $	**Less than 1 year** $	**Between 1 and 2 years** $	**Between 2 and 4 years** $	**Over 4 years** $
Borrowings	(7,866,218)	(8,946,002)	(775,505)	(6,777,367)	(953,127)	(440,003)
Trade and other payables (excluding statutory liabilities)	(4,253,759)	(4,253,759)	(4,253,759)	--	--	--
Short-term loans	(3,819,316)	(3,912,386)	(3,912,386)	--	--	--
	(15,939,293)	**(17,112,147)**	**(8,941,650)**	**(6,777,367)**	**(953,127)**	**(440,003)**

(Presented in Thousands of Trinidad and Tobago dollars)

4. Financial risk management (continued)

4.2 Capital risk management

The main objective of the Group's capital management is to ensure a financial structure that optimizes the Group's cost of capital, maximizes returns to shareholders and allows access to financial markets at a competitive cost to cover financial needs. The Group's capital structure consists of share capital, reserves and retained earnings and adjustments are made based on economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt is calculated as total borrowings (borrowings, current portion of long-term borrowings and short- term loans, as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity as shown in the statement of financial position plus net debt.

Gearing ratio

	2018 $	2017 $
Total borrowings	10,842,959	11,685,534
Less: Cash and cash equivalents	(407,501)	(852,222)
Net debt	10,435,458	10,833,312
Total equity	(12,353,765)	3,944,732
Total capital	(1,918,307)	14,778,044
Gearing ratio	--*	**73.31%**

Despite the nil gearing ratio in the current year, total debt of the Group is $10,842,959.

4.3 Fair value estimation

The carrying amount of the following assets and liabilities: cash, investments, trade receivables and payables, other receivables and payables and short-term borrowings approximate to their fair values. During the period, there were no changes in the classification of financial assets, neither were there transfers between levels of the fair value hierarchy.

5. Critical accounting estimates and judgments

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

The preparation of these consolidated financial statements requires Management to apply accounting methods and policies that are based on difficult or subjective judgments, estimates based on past experience, and assumptions determined to be reasonable and realistic in the circumstances. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based. Summarised below are the accounting estimates that require the more subjective judgment of Management. Such assumptions or estimates regard the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect future results.

(a) IAS 19 valuation

The valuation of the Group's pension plans assets and expected liabilities are calculated in accordance with the requirements of IAS 19. The actuarial valuation of the pension benefits and post-employment medical costs are computed by qualified actuaries using management's assumptions which include discount rates, expected rates of return on Plan assets and other assumptions which are subject to change. (See Note 10).

(b) Oil and gas reserves

The oil and gas reserves are assessed by Management and audited by external engineers in accordance with the Standards pertaining to the Estimating of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers.

Engineering estimates of the Group's oil and gas reserves are inherently uncertain. Proved reserves are the estimated volumes of crude oil, natural gas and gas condensates, liquids and associated substances which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Although there are authoritative guidelines regarding the engineering criteria that have to be met before estimated oil and gas reserves can be designated as proved, the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation; the accuracy of assumptions and judgment. There may be substantial upward and downward revisions to the results of drilling, testing and production after the date of the estimate. In addition, changes in oil and natural gas prices could have an effect on the value of proved reserves as regards the initial estimate. Accordingly, the estimated reserves could be materially different from the quantities of oil and natural gas that ultimately will be recorded.

(Presented in Thousands of Trinidad and Tobago dollars)

5. Critical accounting estimates and judgments (continued)

(b) Oil and gas reserves (continued)

Estimated proved reserves are used in determining depletion and impairment expenses. Depletion rates on oil and gas assets using the Unit-of-Production basis are determined from the ratio between the amount of hydrocarbons extracted in the year and proved producing reserves existing at the year-end increased by the amounts extracted during the year. Assuming all other variables are held constant, an increase in estimated proved producing reserves decreases depreciation, depletion and amortisation expense. On the contrary, a decrease in estimated proved producing reserves increases depreciation, depletion and amortisation expense.

Also, estimated total proved reserves are used to calculate future cash flows from oil and gas properties, which serve as an indicator in determining whether a property impairment test is to be carried out or not. The larger the volume of estimated reserves, the less likely the property is impaired.

(c) Lease licences

It is assumed that licences to develop oil and gas properties acreages will continue to be extended to the Group by the Government of the Republic of Trinidad and Tobago throughout the remaining productive lives of the related fields:

Field Name	Terms of Agreement
Trinidad Northern Areas – Trinmar	Extended period of 6 years effective 2012 December 31(renewal is expected by the Board of Directors)
Trinidad Northern Areas – North Marine	Extended period of 6 years effective 2012 December 31(renewal is expected by the Board of Directors)
Guapo – Oropouche – Brighton Horizon (Area D)	Effective period from 2007 for 25 years
Cruise Horizon (Area A)	Effective period from 2007 for 25 years
Mayaro/Guayaguayare Horizon	Effective period from 2007 for 25 years
Herrera Horizon (Area C)	Effective period from 2007 for 25 years

The Group's estimates of reserves, the estimated provisions for decommissioning and the impairment assessments are based on this assumption.

Effective 2018 December 01, the Miscellaneous Provisions (Heritage Petroleum, Paria Fuel Trading and Guaracara Refining) Vesting Act 2018 transferred the above licences to Heritage Petroleum Company Limited.

(d) Impairment of assets

(i) Financial assets

Financial assets excluding trade and other receivables are assessed at each reporting period to determine whether there is any objective evidence that they are impaired, while trade and other receivables are reviewed quarterly for impairment.

In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. This evidence may include observable data indicating that there has been an adverse change in the payment status of customers, or national or local economic conditions. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly.

5. Critical accounting estimates and judgments (continued)

(d) Impairment of assets (continued)

(i) Financial assets (continued)

If there is objective evidence that an impairment loss on loans receivable carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

(ii) Other assets

Property, plant and equipment and intangible assets are assessed for possible impairment if events and changes in circumstances indicate that the carrying amount may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount. This is the higher of fair value less costs to sell and value-in-use determined as the amount of estimated discounted future cash flows. For this purpose, assets are grouped into cash generating units based on separately identifiable and largely independent cash inflows. Impairments can also occur when decisions are taken to dispose of assets. Impairments, except those relating to goodwill, are reversed as applicable, to the extent of the changes in the events and circumstances that triggered the original impairment.

Estimates of future cash flows are based on Management's estimates of future commodity prices, market supply and demand, product margins and in the case of oil and gas properties, the expected future production volumes. Other factors that can lead to changes in estimates include restructuring plans and variations in regulatory environments. Expected future production volumes, which are based on proved reserves, are used for impairment testing because the Group believes this to be the most appropriate data for expected future cash flows. Estimates of future cash flows are consistent in the Group's business plan. A discount rate based on the Group's weighted average costs of capital (pre-tax) is used.

Assumptions on future oil prices tend to be stable because the Group does not consider short-term increases or decreases in prices as being indicative of long-term levels. The future prices used in impairment testing are determined after assessments of drivers; historical analysis, trends and statistical volatility are part of this assessment as well as analysis of possible future global and regional economic conditions.

5. Critical accounting estimates and judgments (continued)

(e) Decommissioning and environmental obligations

(i) Decommissioning obligation

Obligations related to the removal of tangible equipment and the restoration of land or seabed, once operations are terminated, requires the recognition of significant provision for decommissioning. Estimating the future cost of asset removal is difficult and requires Management to make estimates and judgments because most of the removal obligations are many years in the future, and related contracts and regulations often contain vague descriptions of what constitutes removal. Asset removal technologies and costs are constantly changing, as well as political, environmental, safety and public relations considerations. The criticality of these estimates is also increased by the accounting policy used that requires entities to record the fair value of a liability for decommissioning in the period when it is incurred (typically at the time the asset is installed at the production location). When the liability is initially recorded, the related fixed asset is increased by a corresponding amount. Over time, the liabilities are increased for the provisions due to reflect the passage of time and any change of the estimates following the modification of the future cash flows or the discount rate adopted.

The recognised decommissioning liability amounts are based upon future retirement cost estimates and incorporate many assumptions such as expected recoverable quantities of crude oil and natural gas, time to abandonment, future inflation rates and the risk-free rate of interest. See Note 22.

(ii) Environmental liabilities

Together with other companies in the industries in which it operates, PETROTRIN is subject to national, regional and local environmental laws and regulations concerning its oil and gas operations, productions and other activities, including legislation that implements international conventions or protocols. Provision for environmental costs is made when it becomes probable or certain that a liability has been incurred and the amount can be reasonably estimated. If a new regulation or a notice of a regulation violation is received, and it is likely to have a financial impact, a provision will be recorded.

(f) Income taxes

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Income Tax Regulation of Trinidad and Tobago provides for penalties and interest to be charged on outstanding taxes due to the Government of Trinidad and Tobago. No such provision has been made in these financial assets as PETROTRIN has never been charged penalties and interest for late payment of taxes and as such the likelihood of future economic outflows arising from same is deemed negligible.

5. Critical accounting estimates and judgments (continued)

(g) Assets held for distribution and discontinued operations

Application of IFRS 5 and IFRIC 15

Based on the decision to restructure the Group as described in Note 1, management applied the guidance of IFRS 5 Non-current assets held for distribution to owners in presenting and measuring the associated assets and liabilities that are being held for distribution. Management also considered the application of IFRIC 17 - Distributions of non-cash assets to owners and considered that the restructuring was out of scope of IFRIC 17 given that any such distributions are ultimately controlled by the same party before and after the distribution. In applying the requirements of IFRS 5 one of the critical judgements made was that the owners are acting in their capacity as owners to make the election to distribute the associated assets and liabilities of the Exploration and Production and Refining and Marketing activities of the Group to another entity within the restructured Group under common control. There is an argument that the owner, who is also the Government of the Republic of Trinidad and Tobago (GORTT) could be acting in their capacity as the Government and not the owner. After considering both views, Management and the Board came to the conclusion that both the Government and the owner would arrive at the same decision i.e. to restructure the entity by vesting the assets into new companies based on the recommendation of various consultants over the last three years that this would be in the best interest of both the Group and the public.

Valuation of refinery and terminalling plant and equipment and spares and catalyst

The fair value of refinery and terminalling plant and equipment were estimated based on the depreciated replacement cost approach using the assumptions that market participants would make in estimating the price of the assets. These market participants would be independent buyers and sellers in the principal market who are willing and able to transact for the assets and have an understanding of the subject refinery and terminalling assets and the transaction.

Market participants for the refinery and terminalling and their respective assets would be strategic buyers in the petroleum refining industry and would be able to and have the capital and resources to operate the refinery in an efficient manner.

To estimate the value of these assets, the valuator considered the chronological ages, effective ages, and total economic lives for the major units as a whole. The valuator consulted with company personnel who are familiar with the units to assist in the estimation of the depreciation. Depreciation was estimated based on the valuator's judgment using insights from a variety of sources and other information related to the quality of construction and condition of the improvements, age life formulas, and/or information gained during site visits.

Although the income and sales comparison approaches were also considered, the depreciated replacement cost approach was considered to be the most reliable method to estimate fair value. Specifically the depreciated replacement cost approach was adopted. The sales comparison approach was not used, as information is not readily available as there are no public active market for specialised assets of this nature, with any transactions being conducted on a private and confidential basis. The income approach was also not used given that an income stream could not be allocated reasonably and effectively to each of the operating units that comprise the refinery operations. Also as the plant is currently not operational management was unable to provide reliable operating costs consistent with what would be expected of a typical market participant. Management has acknowledged that historically, costs were considered to be materially above market rates.

The key estimates used in the model and relative sensitives are disclosed in note 39.

5. Critical accounting estimates and judgments (continued)

(g) Assets held for distribution and discontinued operations (continued)

Valuation of various land, buildings and medical centres

The fair value of various land, buildings and medical centres were estimated based on the income capitalisation and cost approach. The age and general state of repair and maintenance were considered in arriving at the cost. The estimated rental value of comparable properties based on location and existing markets were considered in arriving at the income capitalisation approach.

The key estimates used in the model and relative sensitives are disclosed in note 39.

(h) Change in Accounting Estimates – Capital and Operating Spares

Refining and Marketing Capital and Operating spares

In the absence of a formal policy on capitalisation of spares, a decision was taken to derecognise certain capital spares that were previously capitalised which, in the view of the Board of Directors, were considered to be inconsequential. The threshold used were items that had a Net Book Value was less than *TT$5,000 and items which were received in Financial Year-ended 2004 September 30 and earlier.

With respect to operating spares, a decision was taken to recognise a 100% provision for all items received in Financial Year ended 2004 September 30 and earlier and whose gross carrying amount was less than *TT$5,000.

In previous years, capital spares were depreciated at 5% in accordance with the Group's accounting policy for property, plant and equipment. The revised approach resulted in capital spares being written down by $5,800 which was adjusted through the profit and loss account.

With respect to operating spares, a decision was taken to recognise a 100% provision for all items received in Financial Year ended 2004 September 30 and earlier and whose gross carrying amount was less than *TT$5,000. If the same approach from previous years was used where a provision was made for inventory which have not moved for the last five years, the charge to the profit and loss account would have been $134,100. However, the revised approach resulted in a provision for stock obsolescence of $142,900 which was adjusted through the profit and loss account..

***Amounts shown as absolute**

(Presented in Thousands of Trinidad and Tobago dollars)

6. Property, plant and equipment

Tangible

	Exploration and Evaluation	Development	Sub-total	Production	Refining and Marketing	Other	Total
	$	$	$	$	$	$	$
Cost							
Balance as at 2017 Oct 01	5,785	102,285	108,070	7,272,797	24,758,083	851,892	32,990,842
Additions	(12)	33,164	33,152	21,378	292,762	18,081	365,373
Transfers	(5,500)	(32,773)	(38,273)	38,273	--	--	--
Other Transfers	--	--	--	(2,221)	(87,469)	89,690	--
Disposal of asset	--	--	--	(4,757)	--	--	(4,757)
AUC expensed	--	--	--	--	(77,034)		(77,034)
Assets held for distribution	(273)	(102,676)	(102,949)	(7,631,085)	(24,923,749)	--	(32,657,783)
Internal transfers	--	--	--	294,722	68,298	(363,020)	--
Exchange differences	--	--	--	10,893	(30,891)	1,279	(18,719)
Balance as at 2018 Sept 30	--	--	--	--	--	597,922	597,922
Accumulated depreciation, depletion, amortisation and impairment							
Balance as at 2017 Oct 01	--	--	--	5,717,869	8,031,216	532,590	14,281,675
Depreciation Depletion & Amortisation	--	--	--	422,957	989,355	15,414	1,427,726
Impairment	--	--	--	306,031	12,602,863	56,532	12,965,426
Accumulated depreciation on Assets held for distribution	--	--	--	(6,626,147)	(21,607,558)	--	(28,233,705)
Disposal of asset	--	--	--	(4,476)	--	--	(4,476)
Internal transfers	--	--	--	123,315	(26,631)	(96,684)	--
Exchange differences	--	--	--	60,451	10,755	12,313	83,519
Balance as at 2018 Sept 30	--	--	--	--	--	520,165	520,165
Carrying Amounts							
As at 2017 Oct 01	5,785	102,285	108,070	1,554,928	16,726,867	319,302	18,709,167
As at 2018 Sept 30	--	--	--	--	--	77,757	77,757

1. An amount of $77,034 which was in AUC was expensed in the current fiscal year as the future of these projects was uncertain.
2. Internal transfers reflect adjustments for the restructuring decisions made.
3. Other Transfers relate to assets transferred between business areas.

As at 2018 September 30 property, plant and equipment balances relating to the Exploration and Production and Refinery and Marketing segments were classified as held for distribution as explained in note 1.

(Presented in Thousands of Trinidad and Tobago dollars)

6. Property, plant and equipment (continued)

Tangible assets (continued)

Tangible

	Exploratio n and Evaluation	Development	Sub-total	Production	Refining and Marketing	Other	Total
	$	$	$	$	$	$	$
Cost Restated							
Balance as at 2016 Oct 01	9,338	176,106	185,444	6,863,279	24,376,024	836,330	32,261,077
Additions	(470)	217,974	217,504	85,786	276,535	12,009	591,834
Transfers	(2,734	(280,850)	(283,584)	283,584	--	--	--
Exchange differences	(349)	(10,945)	(11,294)	40,148	105,524	3,553	137,931
Balance as at 2017 Sept 30	5,785	102,285	108,070	7,272,797	24,758,083	851,892	32,990,842
Accumulated depreciation, depletion, amortisation and impairment							
Balance as at 2016 Oct 01	--	--	--	5,278,327	7,175,096	245,841	12,699,264
Depreciation Depletion & Amortisation	--	--	--	328,840	788,365	31,711	1,148,916
Impairment	--	--	--	86,232	--	254,222	340,454
Exchange differences	--	--	--	24,470	67,755	816	93,041
Balance as at 2017 Sept 30	--	--	--	5,717,869	8,031,216	532,590	14,281,675
Carrying Amounts							
As at 2016 Oct 01	9,338	176,106	185,444	1,584,952	17,200,928	590,489	19,561,813
As at 2017 Sept 30	5,785	102,285	108,070	1,554,928	16,726,867	319,302	18,709,167

(Presented in Thousands of Trinidad and Tobago dollars)

6. Property, plant and equipment (continued)

Tangible assets (continued)

Depreciation charge of $1,377,437 (2017: $1,117,205) has been charged in cost of sales, while $34,875 (2017: nil) was charged to marketing expenses and $15,414 (2017: $31,711) has been charged in other operating expenses.

Net impairment losses/ (write-back) recorded are as follows:

	2018 $	2017 $
Corporate	56,532	254,222
E&P Production Assets	306,031	86,232
Refining	12,602,863	--

Costs not subject to depreciation and depletion totalled $4,506,631 (2017: $5,322,415). These are assets under construction in Refining and Marketing and Corporate as well as Exploration and Evaluation, Development and Production costs as shown below.

	As at September 30	
	2018	**2017**
Assets under construction	**$**	**$**
Exploration, Evaluation and Development assets	102,949	108,070
Production assets	274,708	517,570
Refining and Marketing assets	4,087,286	5,180,504
Other Business and Corporate assets	41,688	33,841

Included in Development assets and Refining and Marketing assets is interest capitalised during the year, on general borrowings of $22,969 (2017: $17,811) and $85,862 (2017: $60,997) respectively. The capitalisation rate on general borrowings is 4.63% (2017: 3.85%)

Assets under construction

During the year the following amounts were transferred from Assets Under Construction to Completed Assets as per schedule below.

	2018 $	2017 $
Exploration and evaluation assets	5,500	2,734
Development assets	32,773	280,850
Production assets	745,429	16,455
Refining and marketing assets	495,389	20,968
Other business and corporate assets	305,708	6,323
Total	**1,584,799**	**327,330**

(Presented in Thousands of Trinidad and Tobago dollars)

7. Intangible assets

Intangible

	Exploration and Evaluation	Development	Sub-total	Goodwill	Production	Refining and Marketing	Software Costs/ Other	Total
	$	$	$	$	$	$	$	$
Cost								
Balance as at 2017 Oct 01	399,159	1,245,698	1,644,857	410,810	14,559,035	818,901	211,437	17,645,040
Additions	41,993	221,376	263,369	--	46,617	--	6,800	316,786
Transfers	(424,617)	(1,213,101)	(1,637,718)	--	1,632,988	--	4,730	--
Other transfers	--	--	--	--	268,659	(268,659)	--	--
AUC expensed	--	--	--	--	164	--	--	164
Decommissioning cost	--	--	--	--	3,613,854	1,299,930	--	4,913,784
Internal transfers	--	--	--	--	213,803	--	(213,803)	--
Exchange differences	--	--	--	618	23,595	16,457	304	40,974
Assets held for distribution	(16,535)	(253,973)	(270,508)	(411,428)	(20,358,715)	(1,866,629)	--	(22,907,280)
Balance as at 2018 Sept 30	--	--	--	--	--	--	9,468	9,468
Accumulated depreciation, depletion, amortisation and impairment								
Balance as at 2017 Oct 01	--	--	--	410,810	11,707,092	649,297	174,419	12,941,618
Depreciation Depletion & Amortisation	--	--	--	--	430,008	--	9,502	439,510
Impairment	--	--	--	--	1,471,534	1,015,532	--	2,487,066
Write back of negative assets	--	--	--	--	(32,186)	-	--	(32,186)
Internal transfers	--	--	--	--	175,160	--	(175,160)	--
Exchange differences	--	--	--	618	35,808	16,202	707	53,335
Assets held for distribution	--	--	--	(411,428)	(13,787,416)	(1,681,031)	--	(15,879,875)
Balance as at 2018 Sept 30	--	--		--	--	--	--	--
Carrying Amounts								
As at 2017 Oct 01	399,159	1,245,698	1,644,857	--	2,851,943	169,604	37,018	4,703,422
As at 2018 Sept 30	--	--	--	--	--	--	--	--

1. Internal transfers reflect adjustments for the restructuring decisions made.
2. Other Transfers relate to assets transferred between business areas.
3 An amount of $32,186 for the write back of negative assets relating to 35% share of Brighton Marine area Joint Venture.

As at 2018 September 30 intangible asset balances relating to the Exploration and Production and Refinery and Marketing segments were classified as held for distribution as explained in note 1.

(Presented in Thousands of Trinidad and Tobago dollars)

7. Intangible assets (continued)

Intangible	Exploration and Evaluation	Development	Sub-total	Goodwill	Production	Refining and Marketing	Software Costs/Other	Total
	$	$	$	$	$	$	$	$
Cost								
Balance as at 2016 Oct 01	975,200	1,949,412	2,924,612	409,046	13,895,593	1,366,770	203,878	18,799,899
Additions	18,890	80,777	99,667	–	(1,364)	–	1,938	100,241
Transfers	(462,973)	(670,329)	(1,133,302)	–	1,133,302	–	–	–
Decommissioning cost	–	–	–	–	(775,020)	(514,093)	4,738	(1,284,375)
Disposals	(11,206)	(676)	(11,882)	–	–	(22,768)	–	(34,650)
Exchange differences	(120,752)	(113,486)	(234,238)	1,764	306,524	(11,008)	883	63,925
Balance as at 2017 Sept 30	399,159	1,245,698	1,644,857	410,810	14,559,035	818,901	211,437	17,645,040
Accumulated depreciation, depletion, amortisation and impairment								
Balance as at 2016 Oct 01	–	–	–	142,816	11,382,105	738,165	162,725	12,425,811
Depreciation Depletion & Amortisation	–	–	–	–	886,301	37,205	5,991	929,497
Impairment	–	–	–	250,124	117,025	–	4,738	371,887
Write back of depletion	–	–	–	–	(713,277)	(100,295)	–	(813,572)
Disposals	–	–	–	–	–	(15,198)	–	(15,198)
Exchange differences	–	–	–	17,870	34,938	(10,580)	965	43,193
Balance as at 2017 Sept 30	–	–	–	410,810	11,707,092	649,297	174,419	12,941,618
Carrying Amounts								
As at 2016 Oct 01	975,200	1,949,412	2,924,612	266,230	2,513,488	628,605	41,153	6,374,088
As at 2017 Sept 30	399,159	1,245,698	1,644,857	–	2,851,943	169,604	37,018	4,703,422

(Presented in Thousands of Trinidad and Tobago dollars)

7. Intangible assets (continued)

Amortisation charge of $430,008 (2017: $109,934) has been included in cost of sales while $9,502 (2017: $5,991) has been charged to other operating expenses. An impairment loss of $2,686,914 was recorded in 2018 (2017: impairment loss of $371,887).

Costs not subject to amortisation totalled $270,508 (2017: $1,644,857). Included in production assets is a net amortised amount of $3,174,394 (2017: $124,371) in respect of decommissioning costs. The remaining amortisation periods for these decommissioning costs are one (1) to thirty - nine (39) years (2017: one (1) to forty (40) years) in the case of E&P assets whilst for Refining and Marketing assets transferred to Paria Fuel Trading Company Limited, the remaining useful life is ten (10) years. There was a significant change in the cost estimates used for dismantlement calculations during the current year, see Note 22 for further details.

Included in Development assets is interest capitalised on general borrowings of $79,973 (2017: $68,204). The capitalisation rate on general borrowings is 4.63% (2017: 3.85%).

Assets under construction

During the year the following amounts were transferred from Asset Under Construction to Completed Assets as per schedule below.

	2018 $		2017 $
Exploration, Evaluation assets	424,617		462,973
Development assets	1,213,101		670,329
Production assets	178,858		7,463
Refining and Marketing assets	--		--
Other Business and Corporate assets	--		--
Total	**1,816,576**		**1,140,765**

8. Impairment of property, plant and equipment, intangible and goodwill

The decision to cease operations and restructure the Group (note 1), was considered an impairment trigger that required an impairment test on property, plant and equipment, intangible assets and goodwill.

In assessing whether a write-down was required in the carrying value of a potentially impaired intangible asset, or an item of property, plant and equipment, the carrying value was compared with its recoverable amounts. The recoverable amount for E&P assets used in assessing the impairment charges (described below) was its value in use which is derived using a discounted cash flow model. The future cash flows were adjusted for risks specific to the asset and were discounted using the Weighted Average Cost of Capital pre-tax discount rate of 43.62% for Exploration and Production operations. The recoverable amount for refinery assets including terminalling assets used in assessing the impairment charges (described below) was its fair value less cost to distribute (see note 39).

The Group recorded a net impairment loss of $15,452,492 (2017: impairment loss of $712,341). It is estimated that an increase in the weighted average cost of capital (WACC) pre-tax discount rate by 5% would result in the asset being impaired by $1,866,446: an increase of $88,878.

Production

The fair value is based on cash flows expected to be generated by the projected oil and natural gas production profiles up to the expiration of the licence agreement. Key assumptions used for the value in use calculations are as follows:

- Revenues were derived using projected production and future prices. This data was obtained from market experts (See Note 5(b));
- Direct operating costs were projected based on past experience and available historical data on lifting costs;
- The time horizon used for the valuation of the reserves was between two (2) to fifty (50) years as this represents Management's estimation of the economic productive life of the field at current rates of extraction;
- Supplemental petroleum taxes and other levies on production volumes were calculated at prevailing rates;
- The cash flow beyond the 5-year period was extrapolated using projections based on market prices and an escalation rate of three (3) percent for expenditure;

An impairment charge of $1,777,565 (2017: $203,257) has been recognised in the statement of profit and loss and comprehensive income. Refer to Notes 6 and 7.

(Presented in Thousands of Trinidad and Tobago dollars)

8. Impairment of property, plant and equipment, intangible and goodwill (Continued)

Exploration and Evaluation assets (E&E)

In accordance with IFRS 6, Exploration and Evaluation assets are assessed for impairment annually or if there are any indicators that the assets might be impaired. The public announcement made on 2018 August 28 was a clear indication for impairment of these assets and as such, the carrying value of the E&E assets were included in the VIU calculations for Exploration & Production assets.

Refining and Marketing

Due to the decision to exit the refinery business on 2018 November 30, the assets of the Refining and Marketing division were reported at fair value less costs to distribute using the depreciated replacement cost approach.

An impairment charge of $13,618,395 has been recognised in the statement of profit and loss and comprehensive income. Refer to Notes 5, 6, 7 and 39.

The following assumptions were made to determine the fair value less costs to distribute of the Refinery Assets:

- Refinery to be operated as a conversion plant with a throughput of 120,000 barrels per day
- Units to be operated up to the hydrocracking process
- Only plants required were included in Inside Battery Limits valuation
- Economic obsolescence charges was applied based on the utilisation of the plants required to operate under a throughput of 120,000 barrels per day
- Functional obsolescence was estimated based on the inoperability, costs, and improvements required to restart the refinery and achieve a throughput of 120,000 BPD.

Separate valuations figures were provided for Inside Battery Units and Outside Battery Units.

Corporate Assets

Due to the decision to restructure PETROTRIN on 2018 November 30, certain assets of the Group' were no longer in use. These assets were reported at fair value. Refer to Note 39.

An impairment charge of $56,532 has been recognised in the statement of profit and loss and comprehensive income. Refer to Notes 5, 6, and 39.

9. Other costs related to exploration for and evaluation of oil and natural gas resources

Assets and liabilities related to the exploration for and evaluation of mineral resources other than those presented in Notes 6 and 7 above are as follows:

	As at September 30	
	2018	**2017**
	$	**$**
Payable to contractors and operators	37,073	18,187
Net cash used in investing activities	(22,796)	1,191

(Presented in Thousands of Trinidad and Tobago dollars)

10. Retirement benefit asset/ (obligation)

10.1 Employee benefits

The majority of the Group's employees participated in one of the Group's two (2) pension plans (the Plans). The Plans are of the defined benefit type and are established under Trust with the following Trustees:

Pension Plan	Membership	Trustee
PETROTRIN Employees' Pension Plan (PEPP)	All employees excluding ex-Trintopec monthly rated employees	The Trust Services of Republic Bank Limited
Trintopec Staff Pension Plan (SPP)	All ex-Trintopec monthly rated employees	RBC Trust Limited

The SPP is exempt approved under the Income Tax Act whilst the PEPP was approved by the Board of Inland Revenue and registered with the Central Bank on 2017 March 06.

The Plans are funded to cover pension liabilities in respect of service up to the reporting date. They are subject to independent actuarial valuations at least every three (3) years, on the basis of which the independent qualified actuary certifies the rate of employer's contributions which, together with the specified contributions payable by the employees and proceeds from the Plans' assets, are expected to be sufficient to fund the benefits payable under the Plans.

Employees contribute to the Plans at a rate of 7% of pensionable pay (basic salary, wages and cost of living allowance), reducing to 4% after 31 years' pensionable service. For the year ended 2018 September 30, the employer's contribution rate was 14% of pensionable pay for PEPP and SPP.

The Pension Plans pay:

- Pensions calculated on the basis of service, accrual rate and pensionable salary, and are subject to a limitation of 66 2/3 % of final pensionable earnings. Upon retirement, the member has an option of either 100% monthly pension or 75% reduced monthly pension plus a tax-free lump sum. The pension is guaranteed for 15 years and payable for the lifetime of the member;

- Death after retirement benefit equal to a lump sum of three (3) months pensionable basic earnings at time of retirement;

- Death in service benefit of refund of contributions plus interest in addition to four (4) times member's annual pensionable earnings at the time of death;

- Disability benefit equal to 60% of pensionable earnings at time of disability for a fixed period, but not after age 60;

- Spousal benefit of 50% of the pension the pensioner was in receipt of at the time of retirement and 65% for Trinmar pensioners after guaranteed period expires.

10. Retirement benefit asset/ (obligation)

10.1 Employee benefits (continued)

A full independent actuarial valuation of the Plans was carried out as at 2016 September 30 and revealed that the funding level of the PEPP was 103% if no salary increases were granted for the period 2014/2017 or 2015/2018 or 98% if salary increase of 4% is granted whilst that of the SPP was 156%. The aggregate market value of assets of the former Plans that now form the PEPP stood at $8,953,000 as at 2016 September 30 while that of the SPP stood at $1,618,000. A full independent actuarial valuation is completed every three years.

The employment of all PETROTRIN employees were terminated on 2018 November 30 as described in note 1 which, resulted in a significant change in the pension and medical plan arrangements.

PETROTRIN's restructuring has resulted in the termination of employment of all active employees as at 2018 November 30. All terminated employees are entitled to the following benefits from the Pension Plans.

(a) Those who completed less than 5 years' pensionable service receive a refund of their own contributions to the relevant pension plan plus interest (less 25% tax).They are not entitled to a pension.

(b) Those who completed 5 or more years' pensionable service will have accrued a pension calculated as: 2.15% x {average pensionable pay 2017 December – 2018 November} x {pensionable service to November 2018}.

- Everyone aged 50 or over is entitled to this pension immediately with no early retirement reduction and the assumption is that all of them will elect to draw their pension on 2018 December 01
- Those aged under 50 on that date are entitled to receive the above pension with no early retirement reduction from age 55 onwards, or from age 50 with an early retirement reduction3. The assumption is that all of these people will retire and draw their benefits as soon as they reach age 50.

Due to the substantive decision to terminate all employees as per note 1, post 2018 September 30 both plans were closed. While the decision for the plans to be closed was made after the year end, it was considered to be an adjusting post balance sheet event per IAS 10. A closed plan is one which is closed to further contributions from PETROTRIN and employees and the membership comprises pensioners and deferred pensioners. Refer to Note 40 for considerations around future funding of both plans.

There was limitation in data used by the Actuaries which impacted the liabilities:

(a) Calculations were based on an estimated database constricted by the Actuaries from the membership data provided for the funding valuation produced two years previously and subsequent data provided by PETROTRIN. Ideally the calculations should be based on up-to-date person-by-person membership data, but this is not available.

(b) Management has agreed to backdate certain pay increases to dates varying from 2011 to 2012 (the precise date depends on which bargaining unit the individual belongs to). This will result in the retroactive increase of the benefits payable to any pensioners who retired since the relevant implementation date of the pay increases.

(c) No allowances were made in the calculations for employees at Trinmar who have historically not been covered by either the PEPP or SPP and whose pensions are provided via deferred annuity contracts. The expense represented by the annuity premiums paid by PETROTRIN are shown in Note 28 under the caption employee benefits.

(Presented in Thousands of Trinidad and Tobago dollars)

10. Retirement benefit asset/ (obligation)

10.1 Employee benefits (continued)

An updated valuation of all of the Plans' assets and expected liabilities as at 2018 September 30, was carried out by independent actuaries in accordance with the requirements of IAS 19 (revised). This valuation is based on the most recent full actuarial valuation at 2016 September 30, rolled forward to reflect developments since that date which would have a significant effect on the defined benefit obligation and service cost and on up-to-date asset values. Financial assumptions used in the 2016 valuation are revised to reflect prevailing current economic conditions while the demographic assumptions remain identical to those used in the latest full actuarial valuation. The Pension Plan valuation as at 2018 September 30 was carried out using a closed plan approach which resulted in a significant credit to the Statement of Comprehensive Income. Curtailment as a result of the termination of all employees on 2018 November 30 was accounted for in the current year.

There are 2 self-administered Medical Plans for healthcare in respect of employees and retirees of the Group. All employees are eligible for membership in the PETROTRIN Employees Medical Benefit Plan and the Trinmar Plan, where the coverage includes major medical expenses, hospitalisation, dental and optical care. All retirees are eligible for membership under the PETROTRIN Retirees' Medical Assistance Plan and the Trinmar Plan where the coverage includes limited medical expenses, hospitalisation for surgery only, dental and optical care. Provision has been made in respect of these medical benefits due to retirees only. No cover is provided to former deferred pensioners even after their pension comes into payment. The valuation as at 30 September 2018 was carried out using a closed plan approach which resulted in a significant write back to the profit and loss account.

The charge to the Statement of Comprehensive Income includes current service cost, net interest on net retirement benefit/obligation, past service cost and administrative expenses.

		As at September 30	
		2018	**2017**
		$	**$**
Obligation in statement of financial position:			
Retirement benefit obligation - Pension benefits - net	(a)	(84,400)	(734,200)
Retirement benefit obligation - Medical benefits	(b)	(130,200)	(2,536,700)
		(214,600)	(3,270,900)

		Year ended September 30	
		2018	**2017**
		$	**$**
Income / (Expense) recognised in profit or loss:			
Net pension income /(cost)	(a)	472,900	(276,100)
Net benefit income /(cost)	(b)	1,996,800	(204,200)
		2,469,700	(480,300)

(Presented in Thousands of Trinidad and Tobago dollars)

10. Retirement benefit obligation (continued)

(a) Retirement benefit (obligation)/asset - pension benefits

The amounts recognised in the consolidated statement of financial position for both plans are determined as follows:

	As at September 30	
	2018	**2017**
	$	**$**
Present value of defined benefit obligation	(10,212,500)	(11,188,600)
Fair value of Plan assets	10,719,900	10,860,900
Surplus /(Deficit)	507,400	(327,700)
Effects of Asset Ceiling	(591,800)	(406,500)
Net retirement benefit obligation	(84,400)	(734,200)

This obligation represents the present value of the (increase)/reduction in future contributions, as advised by the actuaries.

Movement in present value of defined benefit obligation during the year:

Defined benefit obligation at start of year	(11,188,600)	(10,305,300)
Current service cost	(231,300)	(264,900)
Interest cost	(597,500)	(550,600)
Members' contributions	(83,100)	(85,300)
Curtailment	753,500	--
Re-measurement:		
-Experience adjustments	474,200	(523,500)
Actuarial gains from changes in financial assumptions	--	(91,500)
Actuarial gains from changes in demographic assumptions	--	35,100
Benefits paid	660,300	597,400
Defined benefit obligation at end of year	(10,212,500)	(11,188,600)

Movement in Fair Value of Plan assets during the year:

Fair Value of Plan assets at start of year	10,860,900	10,609,000
Interest income	585,900	574,000
Return on Plan assets, excluding interest income	(302,600)	26,600
Company contributions	168,200	169,200
Members' contributions	83,100	85,300
Benefits paid	(660,300)	(597,400)
Administrative expenses	(15,300)	(5,800)
Fair Value of Plan Assets at end of year	10,719,900	10,860,900

(Presented in Thousands of Trinidad and Tobago dollars)

10. Retirement benefit asset/ (obligation) (continued)

(a) Retirement benefit obligation - pension benefits (continued)

Movement in the net retirement benefit asset recognised in the consolidated statement of financial position:

	As at September 30	
	2018	**2017**
	$	**$**
Retirement benefit obligation at start of year	(734,200)	(220,500)
Net pension cost	472,900	(276,100)
Re-measurement recognised in other comprehensive income	8,700	(406,800)
Company contributions paid	168,200	169,200
Retirement benefit obligation at end of year	(84,400)	(734,200)

The amounts recognised as part of administrative expenses in the consolidated statement of profit or loss was determined as follows:

Current service cost	(231,300)	(264,900)
Net interest income on Plan assets	(34,000)	(5,400)
Curtailment	753,500	--
Administrative expenses	(15,300)	(5,800)
Net pension cost (Note 30)	472,900	(276,100)

Re-measurements recognised in Other Comprehensive Income:

Experience gains/(losses)	171,600	(553,300)
Effect of asset ceiling	(162,900)	146,500
Re-measurements recognised in other comprehensive income	8,700	(406,800)

(Presented in Thousands of Trinidad and Tobago dollars)

10. Retirement benefit asset/ (obligation) (continued)

(a) Retirement benefit obligation - pension benefits (continued)

The actual return on the Plan assets was:

	As at September 30	
	2018	**2017**
	$	**$**
Actual return on Plan assets	283,300	600,600

The Plans' assets are fully invested in a diversified general portfolio fund managed by the various Trustees. Asset allocation is as follows:

Locally listed equities	2,952,300	3,270,600
Overseas equities	2,103,600	2,003,200
Bonds	4,694,400	4,866,700
Mortgages	20,900	24,300
Mutual Funds	174,600	174,300
Cash and cash equivalents	774,100	521,800
Fair value of Plan assets at end of year	10,719,900	10,860,900

The principal actuarial assumptions used were as follows*:

Discount rate	5.50%	5.50%
Future salary increases	--	5.00%

** Percentages shown are per annum*

No allowance was made for increases to pensions in payment or deferment. This is consistent with the basis used in previous years. Any pension increases granted are thus treated as a once-off event and would give rise to a past service cost under IAS 19 in the year of implementation. An allowance for future administrative expenses of 0.25% of pensionable earnings was assumed in the respective years.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics. Post-retirement mortality is obtained from the Standard PMA (80) and PFA (80) tables centred in year 2010 for current pensioners and 2020 for future pensioners.

(Presented in Thousands of Trinidad and Tobago dollars)

10. Retirement benefit asset/ (obligation) (continued)

(a) Retirement benefit (obligation)/asset - pension benefits (continued)

These tables translate the average life expectancy in years and experience history of a pensioner retiring at age 60 as follows:

Mortality assumptions:

	As at September 30	
	2018	**2017**
Life expectancy at age 60 for current pensioners in years		
Male	21.0	21.0
Female	25.1	25.1
Life expectancy at age 60 for current members aged 40 in years		
Male	21.4	21.4
Female	25.4	25.4

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at 2018 September 30, would have changed as a result of a change in these assumptions.

	1% pa high	**1% pa lower**
	$	**$**
- Discount rate	(800,000)	953,000
- Future salary increases	--	--

An increase of one (1) year in the assumed life expectancies shown above would increase the defined benefit obligation at 2018 September 30, by $147,000.

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

(Presented in Thousands of Trinidad and Tobago dollars)

10. Retirement benefit asset/ (obligation) (continued)

(a) Retirement benefit (obligation)/asset - pension benefits (continued)

Up to 2018 November 30, there were two medical Plans ("old plans") covering all retirees and their dependents, namely one covering non-Trinmar persons and the separate Trinmar Plan collectively referred to as the "Old Plans".

From 2018 November 30, onwards the old plans have been terminated and have been replaced by the arrangements described below, which will provide medical cover only for the fixed period up to 2020 November 30 referred to as the "Temporary Plan".

The temporary plan consists of two elements:-

- Medical benefits provided by an insurance contract with Sagicor Life Inc.
- Separate * $20 million for a "Critical Care Fund" set up by PETROTRIN in respect of the full two years

The cost of the plan is *$150 million of which *$72.9 million was paid subsequent to the year end. The fair value of this obligation is shown below:

*Amounts shown as absolute figures.

	As at September 30	
	2018	**2017**
	$	**$**
Retirement benefit obligation at start of year	(2,536,700)	(2,587,900)
Current service cost	(54,200)	(64,600)
Interest cost	(136,800)	(139,600)
Curtailment	2,187,800	
Re-measurement:		
- Experience Adjustments	316,700	96,200
Actuarial Gain/Loss from changes in demographic assumptions	--	69,400
Actuarial Gain/Loss from changes in financial assumptions	(2,400)	
Benefits paid by Company (net of retiree contributions)	95,400	89,800
Retirement benefit obligation at end of year	**(130,200)**	**(2,536,700)**

(Presented in Thousands of Trinidad and Tobago dollars)

10. Retirement benefit asset/ (obligation) (continued)

(b) Retirement benefit obligation - medical benefits (continued)

The amounts recognised as part of administrative expenses in profit or loss was determined as follows:

	Year ended September 30	
	2018	2017
	$	$
Current service cost	(54,200)	(64,600)
Interest on retirement benefit obligation	(136,800)	(139,600)
Curtailment	2,187,800	--
Net benefit cost (Note 28)	1,996,800	(204,200)

Re-measurements recognised in Other Comprehensive Income:

Re-measurements experience adjustments	314,300	165,600

Summary of principal assumptions used were as follows*:

	As at September 30	
	2018	2017
Discount rate	2.75%	5.50%
Medical expenses increases	--	5.75%

** Percentages shown are per annum.*

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at 2018 September 30 would have changed as a result of a change in the assumptions used.

	1% pa higher	1% pa lower
	$	$
- Discount rate	(899)	920
- Medical expenses increases	--	--

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

(Presented in Thousands of Trinidad and Tobago dollars)

11. Available-for-sale financial instruments

	As at September 30	
	2018	**2017**
	$	**$**
Colonial Life Insurance Company Limited (CLICO)	1,590	1,910
La Brea Industrial Development Company Ltd (LABIDCO)	1,138	--
Metal Industries Company Limited	202	202
	2,930	2,112

There were no disposals during the year.

12. Investment – Other

La Brea Industrial Development Company Ltd (LABIDCO)	--	23,827

LABIDCO is principally engaged in the promotion and development of an industrial estate as well as marine infrastructure facilities at La Brea. During financial year 2017 PETROTRIN's shareholding in LABIDCO was reduced from 19% to 8.6% and the value of the shares owned by PETROTRIN was determined using the net assets of LABIDCO. In the current year, a fair valuation was undertaken by a professional consulting firm (see Note 40 a (ii)) which resulted in a write down of the investment by $22,689. Refer to Note 39. In the current financial year the investment is shown under Available-for-sale Financial Instruments. (Note 11).

(Presented in Thousands of Trinidad and Tobago dollars)

13. Net Deferred Income Tax Assets/ (Liabilities)

Deferred income taxes are calculated on all temporary differences under the liability method using tax rates of 55% (Exploration and Production Operations (E&P)) and 50% (Refining and Marketing Operations (R&M)).

The movement of the deferred income tax account is as follows:

	As at September 30 2018 $	2017 $
At start of year	864,745	1,121,742
(Charge)/Credit for the year:		
Recognised in profit or loss (Note 32)	(864,598)	(332,613)
Recognised in other comprehensive income	--	75,616
At end of year	147	864,745

Deferred income tax assets are recognised only to the extent that realisation of the related tax benefit is probable.

Deferred income tax assets and liabilities in the statement of financial position, and the deferred tax (charge)/credit to profit or loss, are attributable to the following items:

	As at 2017 September 30	(Charged)/Credited		As at 2018 September 30
		Profit or loss	Other comprehensive income	
	$	$	$	$
Deferred income tax assets				
Provision for abandonment	1,748,236	2,525,166	--	4,273,402
Vacation leave payable	112,398	(7,889)	--	104,509
Interest payable	67,695	25,305	--	93,000
Tax losses carried forward	7,191,378	(6,924,050)	--	267,328
Retirement pension benefit asset	395,042	(343,419)	--	51,623
Retirement medical obligation	1,345,413	(1,271,836)	--	73,577
Exchange loss/ (gain)	217,245	19,368	--	236,613
	11,077,407	(5,977,355)	--	5,100,052
Deferred income tax liabilities				
Accelerated tax depreciation	(10,212,662)	5,112,757	--	(5,099,905)
Net deferred income tax assets/ (liability)	864,745	(864,598)	--	147

(Presented in Thousands of Trinidad and Tobago dollars)

13. Net Deferred Income Tax Assets/ (Liabilities) (continued)

	As at 2016 September 30	(Charged)/Credited Profit or loss	(Charged)/Credited Other comprehensive income	As at 2017 September 30
	$	$	$	$
Deferred income tax assets				
Retirement benefit asset	1,372,472	24,857	(51,916)	1,345,413
Provision for abandonment	2,293,258	(545,022)	--	1,748,236
Vacation leave payable	108,166	4,232	--	112,398
Interest payable	245,250	(177,555)	--	67,695
Tax losses carried forward	7,538,521	(347,143)	--	7,191,378
Retirement benefit obligation	123,552	143,958	127,532	395,042
Exchange loss/ (gain)	230,033	(12,788)	--	217,245
	11,911,252	(909,461)	75,616	11,077,407
Deferred income tax liabilities				
Accelerated tax depreciation	(10,789,510)	576,848	--	(10,212,662)
Net deferred income tax assets	1,121,742	(332,613)	75,616	864,745

Tax losses

The following table provides details of tax losses for Refining & Marketing and Exploration & Production:

	Year ended September 30 2018	Year ended September 30 2017
	$	$
Tax losses brought forward	25,874,880	24,348,338
Current year tax losses – E&P	496,371	17,004
Current year tax losses – R&M	2,392,449	1,509,538
Tax losses carried forward	**28,763,700**	**25,874,880**
Tax losses not recognised as Deferred Tax	28,289,001	11,669,270
Tax losses recognised as Deferred Tax	474,699	14,205,610
	28,763,700	**25,874,880**

(Presented in Thousands of Trinidad and Tobago dollars)

14. Income taxes recoverable

	As at September 30	
	2018	2017
	$	$
Income taxes recoverable	530,683	530,683

These amounts represent overpayments of Petroleum Profits Taxes resulting from re-filing of tax returns to claim previously un-utilised tax losses for the years 1994 to 2006.

In financial year 2016 PETROTRIN was successful in its tax appeal against Board of Inland Revenue for the use of the tax losses of the predecessor companies.

15. Cash in escrow - shareholder

As at September 30	
2018	2017
$	$
--	211,948

The land licences agreements effective in the year 2006, contain a clause requiring PETROTRIN to establish an escrow account at an approved financial institution in the name of the Minister of Energy and Energy Affairs. Cash reserves, calculated based on production volumes, are to be accumulated in the account for use as a contingency fund for remediation of pollution arising from Petroleum operations carried out under the licenses, as well as the eventual decommissioning of wells and facilities in the licensed areas. The Minister has sole discretion to access these funds in the event that PETROTRIN fails to effect any environmental clean-up, properly abandon wells or decommission facilities. However, once the Group fulfils all decommissioning obligations to the satisfaction of the Minister, and upon determination of the license, the Minister shall return all existing funds in the escrow account to PETROTRIN.

As at 2018 September 30 cash in escrow balances relating to the Exploration and Production segment was classified as held for distribution as explained in note 1.

(Presented in Thousands of Trinidad and Tobago dollars)

16. Loans receivable

	As at September 30	
	2018	2017
	$	$
World GTL Trinidad Limited (WGTL TL) in receivership	--	--
	--	--
of which:		
Current portion	--	--
Non-current portion	--	--
At end of year	--	--
Beginning of year	--	--
Disbursements	2,830	2,862
Impairment loss (Note 29)	(2,830)	(2,862)
Reversal of previous impairment losses (Note 29)	68,795	--
Recoveries	(68,795)	--
Exchange differences	--	--
End of year	--	--

At a meeting held on 2009 November 18 the Board of Directors agreed that all funds advanced by PETROTRIN to the Receiver will form a secured loan between PETROTRIN and the Receiver, at an interest rate of 10.37% for a term of three (3) years with a one (1) year moratorium on principal repayment.

A full provision for impairment was recognised on this loan receivable at 2010 September 30 (US$42,452/TT$268,216*). Additional disbursements of TT$2,830 were made in the year ended 2018 September 30 (2017: TT$2,862). A full provision was also made for these amounts.

** This US$ amount has been converted to TT$ at the rate prevailing at the date of the transaction.*

During the financial year 2018, WGTL TL's assets were sold to NiQuan Energy Trinidad Limited in exchange for US$10 million (TT$68,795) and preference shares worth US$25 million. A reversal of impairment was made for cash amounts received. The preference shares were valued at nil. (Note 39).

17. Inventories

	2018	2017
Materials and supplies - Spares	--	659,321
Less: provision for obsolescence re materials and supplies – Spares	--	(204,024)
Materials and supplies – Other	43,966	17,007
Less: provision for obsolescence re materials and supplies - Other	(43,566)	--
	400	472,304
Crude oil	--	571,603
Refined products	--	1,089,414
	400	**2,133,321**

As at 2018 September 30 inventories relating to the Exploration and Production and Refinery and Marketing segments were classified as held for distribution as explained in note 1.

(Presented in Thousands of Trinidad and Tobago dollars)

18. Receivables and prepayments

	As at September 30 2018 $	2017 $
Trade receivables*	1,183,240	753,593
Less: provision for impairment of trade receivables	(26,148)	(18,212)
	1,157,092	735,381
Receivables from related parties *	2,173,964	1,082,003
Less: provision for impairment of receivables	(380,113)	(44,614)
	1,793,851	1,037,389
Other receivables	249,843	402,458
Less: provision for impairment of other receivables	(233,538)	(243,858)
	16,305	158,600
Trade and other receivables excluding prepayments and taxes	2,967,248	1,931,370
Taxes recoverable	3,059	3,757
Prepayments, Deferred Charges and Accrued Revenue	101,333	408,290
Trade and other receivables including prepayments and taxes	**3,071,640**	**2,343,417**
**Includes Subsidy recoverable which is paid to PETROTRIN after remittance by the GORTT to NPMC and UNIPET.*	1,820,625	815,516

The carrying amounts of receivables and prepayments include subsidies due from NPMC and UNIPET totalling $1,820,625 of which TT$1,689,465/US$249,301 was subject to a receivables purchase and acknowledgement agreement dated 2018 November 30, refer to Note 40. Under this agreement PETROTRIN extinguished it's rights to receive cash flows from the NPMC and UNIPET and has sold this right at a discounted price of US$204,920 to three separate financial institutions as follows:

Purchaser	**Amount US$'000**	**Initial Applicable Percentage %**
Third party banks – International	48,518	23.67%
Third party banks - Regional	139,009	67.84%
Related party - state controlled bank	17,393	8.49%
Total	204,920	100.00%

As at 2018 September 30 certain joint venture receivable balances relating to the Exploration and Production segments were classified as held for distribution as explained in Note 1.

(Presented in Thousands of Trinidad and Tobago dollars)

19. Cash and cash equivalents

	As at September 30	
	2018	2017
	$	$
Cash at bank and in hand	311,765	315,576
Short-term bank deposits	95,736	536,646
	* 407,501	852,222

*The amount above excludes cash held for distribution.

The weighted average effective interest rate on short-term deposits was 0.32% (2017: 0.26%). These deposits have an average maturity of one point two (1.2) days (2017: one (1) day).

The Group has the following facilities with various banks:

FACILITIES

USD LIBOR LOAN

	As at September 30	
	2018	2017
Original Loan Amount	US $25,000	--
Type of Loan	US Libor Loan	--
Principal balance	US $25,000	--
Principal paid for Audit period	NIL	--
Interest paid for Audit period	US $775	--
Interest rate	4.63888%	--

	As at September 30	
	2018	2017
Approved Revolving Line by way of Custom Bonds	TT$4,500 (Undrawn)	TT$4,500 (Undrawn)
Approved Revolving Line by way of Guarantee for Trintopec	TT$1,000 (Undrawn)	TT$1,000 (Undrawn)
Approved Revolving Line by way of Guarantee for Trinmar	TT$45 (Undrawn)	TT$45 (Undrawn)
Approved Revolving Line by way of Credit Card	TT$400 (Undrawn)	TT$400 (Undrawn)
Approved line for USD Bond Investment	US$900 (Undrawn)	US$900 (Undrawn)
Standby Letter of Credit	US$22,189	US$21,352
USD Floating Rate Note	--	US$25,000 (Undrawn)

As at 2018 September 30 certain cash and cash equivalent balances relating to the Exploration and Production segments were classified as held for distribution as explained in Note 1.

(Presented in Thousands of Trinidad and Tobago dollars)

20. Share capital

	As at September 30 2018 $	2017 $
Authorised		
300,000,000 ordinary shares of no par value		
Issued and fully paid		
300,000,000 ordinary shares of no par value	2,272,274	2,272,274

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per the general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

21. Borrowings

The carrying amounts of borrowings are stated below:

		2018	2017
Gasoline Optimisation Project /Ultra Low Sulphur Diesel Plant	(a)	5,737,095	5,720,398
Gasoline Optimisation Project	(a)	1,687,513	2,081,489
Other	(b)	--	64,331
Total borrowings (at fixed rates)		**7,424,608**	**7,866,218**
Of which:			
Current portion		7,424,608	482,018
Non-current portion		--	7,384,200
		7,424,608	**7,866,218**

Weighted average effective interest rates:	Year ended September 30 2018	2017
- bank borrowings (medium and long-term)	8.90%	8.74%

(Presented in Thousands of Trinidad and Tobago dollars)

21. Borrowings (continued)

Description	US$850 Million (TT$ Equivalent - $5,780 Million)*	US$750 Million (TT$ Equivalent - $5,100 Million)*
Carrying value at 2018 September 30	TT$5,737,095	TT$1,687,513
Carrying value at 2017 September 30	TT$5,720,398	TT$2,081,489
Currency	USD	USD
Type of Notes offered by PETROTRIN	Senior Unsecured Notes under 144 A/Reg S	Senior Unsecured Notes under 144 A/Reg S
Ratings (See Note 4.1 (c) and Note 40 (i)	B1/BB by Moody's Investor Services and Standard and Poor's respectively	B1/BB by Moody's Investor Services and Standard and Poor's respectively
Date of loan	2009 August 14	2007 May 08
Fixed coupon rate	9.75% per annum	6.00% per annum
Yield	9.88%	6.06%
Tenor	10 years	15 years
Moratorium	--	3 years on principal repayments
Interest payments	Payable semi-annually on August 14 and February 14 commencing on 2009 August 14	Payable semi-annually on May 08 and November 08 commencing 2007 May 08
Principal repayments	Bullet	24 equal semi-annual instalments on each May 08 and November 08 of US$31,250/TT$210,691 beginning November 08,2010
Maturity	2019 August 14	2022 May 08
Redemption	Subject to optional redemption	Subject to optional redemption
Interest on USLD	Effective FY 2014, the interest portion relating to this plant has been expensed in the Statement of Comprehensive Income as active construction on this plant has ceased. Refer Note 31.	
Covenants	Standard Investment Grade covenants apply including limitations on liens, limitations on sale and leaseback transactions and limitations on consolidation, merger and sale of assets. PETROTRIN is required to furnish to the Trustee and Holders of the Notes, its quarterly and annual audited financial statements. The former is due within 60 calendar days after the end of each of the first three financial quarters and the latter within 150 calendar days after the end of each fiscal year. Failure to comply with the above reporting requirement does not constitute an event of default in accordance with loan documentation.	
Events of Default	Nil	

See Note 40 (h) for status of loans subsequent to the year end.

* Absolute figures

(Presented in Thousands of Trinidad and Tobago dollars)

21. Borrowings (continued)

(b) Other

	As at September 30	
	2018	2017
	$	$
The National Gas Company of Trinidad and Tobago Limited (NGC)	---	64,331

This represents the balance owed to NGC by Trintomar in respect of a Shareholders Loan provided to meet the shortfall in funding required to complete the Pelican Development Project back in 1993.

This is an interest free, unsecured loan with no fixed terms of repayment. The loan is still repayable on demand.

As at 2018 September 30 this balance relating to the Exploration and Production segment was classified as held for distribution as explained in note 1.

22. Provisions

Decommissioning costs

	As at September 30	
	2018	2017
	$	$
At start of year	3,603,040	4,604,622
Revised costs estimates	4,913,815	(1,309,841)
Charge to profit or loss:		
- Finance charge (Note 31)	192,727	266,504
- Utilisation	(4,757)	(3,414)
Translation differences	(135,514)	45,169
At end of year	8,569,311	3,603,040
Less: Amounts held for distribution	(7,960,797)	--
As at end of year	608,514	3,603,040
of which		
Current portion	608,514	4,573
Non-current portion	--	3,598,467
	608,514	3,603,040

As at 2018 September 30 all provisions relating to the Exploration and Production segment was classified as held for distribution as explained in note 1 with the exception of the old Point Fortin Refinery.

(Presented in Thousands of Trinidad and Tobago dollars)

22. Provisions (continued)

Decommissioning costs

This provision represents Management's best estimate of the cost of dismantling exploration and production assets at the end of the producing lives of the fields and the refinery at the end of its useful life and includes the costs of environmental remediation.

The estimated decommissioning cost at the end of the producing lives of fields is reviewed annually and is based on engineering estimates and reports. Provision is made for the estimated cost of decommissioning at the reporting date. The provision has been estimated using existing technology, at current prices using an escalation rate of 3.0% (2017: 1.2%) and discounted at a rate between 2.76% and 6.26% for LNE based on reserves, 6.19% for Trinmar (Exploration and Production) (2017: 6.11%). Refining and Marketing assets transferred to Paria Fuel and Trading Company Limited were discounted at 4.39% for ten years (2017: 5.44% for 20 years) per annum.

The increase in decommissioning provision is as a result of:

- Higher costs estimates for Exploration and Production assets
- Increase in escalation rates from 1.2% to 3% as per forecasted inflation rates from independent sources.
- No discounting for assets transferred to Guaracara Refining Company Limited.
- The shorter time period of ten years used to calculate decommissioning costs for assets transferred to Paria Fuel and Trading Company Limited.

Refining and Marketing decommissioning costs (excluding the costs on terminalling assets) were not discounted due to the decision to discontinue the refinery operations and in the absence of demonstrable results as to divestment of the underlying assets.

The amount and timing of settlement in respect of future exploration and production decommissioning provisions are uncertain and dependent on various factors that are not always within Management's control but are currently anticipated to be between 2018 and 2065. A 1.0% change in the escalation and discount rate will have the following impact on the provision for decommissioning:

	E&P		R&M
Sensitivities	**LNE**	**Trinmar**	**Terminalling**
	$	$	$
1% increase escalation rate	1,241,948	479,135	17,361
1% decrease escalation rate	(876,840)	(454,455)	(16,064)
1% increase in discount rate	(874,437)	(419,158)	(17,377)
1% decrease in discount rate	1,257,943	546,127	19,308

Subsequent to the statement of financial position date, certain assets and their dismantlement obligations were vested into new companies under common control. Refer to note 38.

(Presented in Thousands of Trinidad and Tobago dollars)

23. Current Tax Liabilities

Movement in current tax liabilities is as follows:

	As at September 30	
	2018	**2017**
	$	**$**
Balance at start of the year	2,254,175	2,123,021
Taxes Paid	(651)	--
Current Year Tax Expense - PPT	--	651
Current Year Tax Expense - SPT	976,174	279
Prior period adjustment	93,131	130,224
Balance at the close of the year	**3,322,829**	**2,254,175**

(Presented in Thousands of Trinidad and Tobago dollars)

24. Trade and other payables

	As at September 30	
	2018	2017
	$	$
Trade payables	980,300	1,331,432
Due to related parties	214,686	189,441
Benefits due to employees	811,040	1,013,770
Accrued expenses	623,811	1,134,709
Accrued interest	144,682	148,107
Other payables	189,531	436,300
Restructuring provision (Note 24.1)	2,252,729	--
Trade and other payables excluding statutory Liabilities	5,216,779	4,253,759
Due to Government of Trinidad and Tobago		
- Royalties*	992,575	851,651
- Taxes other than income taxes	1,647,436	511,073
Trade and other payables including statutory liabilities	**7,856,790**	**5,616,483**

* Royalties is shown net of amounts recoverable from Ministry of Energy and Energy Industries of $540.1m.

As at 2018 September 30 abandonment fund liabilities relating to the Exploration and Production segment was classified as held for distribution as explained in note 1.

24.1 Restructuring provisions

Termination benefit (i)	1,851,697	--
Contract termination penalties (ii)	68,475	--
Onerous contract provisions (iii)	315,226	--
Professional fees (iv)	15,724	--
Legal costs (v)	1,607	--
	2,252,729	--

(i) Termination benefits include severance costs upon the termination of all employees effective 2018 November 30. As part of the employees termination packages qualifying individuals were also entitled to back pay, annual vacation leave and other benefits which have been provided for in fiscal year 2018.

(ii) There are long, medium and short term rental contracts in place with various suppliers which had penalties attached to them for early termination.

(iii) There are certain other contracts in place with key utility providers which the Group has not terminated for strategic reasons. These contracts can be considered onerous and as such a provision was been made in respect of this. If these commitments are waived upon settlement of ongoing negotiations with the service providers then these amounts will be reversed in a subsequent period when that decision is known.

(iv) Professional fees include services rendered by various professional firms for tax and accounting support, actuarial and property valuations, and other professional fees incurred in the restructuring and transitioning exercise.

(v) Management has made provisions for legal fees incurred in defence claims made against PETROTRIN.

(Presented in Thousands of Trinidad and Tobago dollars)

25. Short-term loans

	As at September 30	
	2018	**2017**
Secured - GORTT guarantee	$ 1,553,018	$ 1,382,131
Unsecured	1,865,333	2,437,185
Short-term loans	$ 3,418,351	$ 3,819,316

The effective interest rate ranged from 4.14% to 6.52% (2017: 2.58% to 5.46%) per annum. They had varying maturity dates of 5 to 362 days (2017: 30 to 365 days).

26. Revenue

	Year ended September 30	
	2018	**2017**
	$	**$**
Refined products sales	23,403,861	19,168,770
Natural gas sales	395,020	271,167
Crude oil sales	289,364	223,553
Royalty income	432,242	355,943
Natural gas liquids sales	15,747	14,233
Other revenue	6,442	1,401
	24,542,676	20,035,067

27. Other operating income

Marine income	86,704	68,631
Processing fees	2,303	514
Storage fees	413	2,214
Income from utilities	5,904	5,898
Access fees	6,744	5,051
Interest on receivables (See Note 18 and Note 40 g)	55,897	28,812
Sulphuric Acid fees	8,356	8,984
Gain on foreign currency	129,438	--
Other income	13,593	7,765
	309,352	127,869

(Presented in Thousands of Trinidad and Tobago dollars)

28. Operating costs by nature

(b) The following items are included in cost of sales; administrative expenses; marketing expenses and other operating expenses from continuing operations:

	Year ended 2018 September 30				
	Cost of sales	**Administrative expenses**	**Marketing expenses**	**Other operating expenses**	**Total**
	$	**$**	**$**	**$**	**$**
Purchases	16,717,323	--	--	--	16,717,323
Production taxes	1,943,256	--	--	--	1,943,256
Employee benefits expense (excluding retirement benefits and termination benefit) (Note 30)	1,207,966	581,195	61,873	--	1,851,034
Termination benefit (Note 24.1)	--	1,851,697	--	--	1,851,697
Production and refining expenses	1,893,020	--	--	--	1,893,020
Movement in inventories	(669,073)	--	--	--	(669,073)
Amortisation of intangible assets (Note 7)	430,008	--	--	9,502	439,510
Depreciation (Note 6)	1,377,437	--	34,875	15,414	1,427,726
Write back of negative assets (Note7)*	(32,186)	--	--	--	(32,186)
Impairment – PPE (Note 6&7)	15,395,960	56,532	--	--	15,452,492
Rental of equipment	396,830	9,745	2,633	--	409,208
Net benefit income (Note 10)	--	(1,996,800)	--	--	(1,996,800)
Charge for bad and doubtful debts (Note 4.1 (b))	380,028	2,352	--	--	382,380
Directors and key management remuneration (Note 35)	--	10,090	--	--	10,090
Net pension income (Note 10)	--	(472,900)	--	--	(472,900)
Loss on foreign currency	--	--	--	22,494	22,494
Other expenses	68,649	15,448	86,674	61,345	232,116
Total	**39,109,218**	**57,359**	**186,055**	**108,755**	**39,461,387**

*** This relates to the write back of negative assets relating to 35% share of Brighton Marine area Joint Venture because the asset was over depleted in prior years.**

(Presented in Thousands of Trinidad and Tobago dollars)

28. Operating costs by nature (continued)

	Year ended 2017 September 30				
	Cost of sales	Administrative expenses	Marketing expenses	Other operating expenses	Total
	$	$	$	$	$
Purchases	13,015,119	--	--	--	13,015,119
Production taxes	580,153	--	--	--	580,153
Employee benefits expense (excluding retirement benefits) (Note 30)	1,342,835	901,447	63,404	--	2,307,686
Production and refining expenses	1,816,443	--	--	--	1,816,443
Movement in inventories	13,880	--	--	--	13,880
Amortisation of intangible assets (Note 7)	109,933	--	--	5,991	115,924
Depreciation (Note 6)	1,117,205	--	--	31,711	1,148,916
Impairment of PPE assets	458,119	254,222			712,341
Rental of equipment	370,085	8,576	2,994	--	381,655
Gain on disposal of property, plant and equipment (Note 37)	--	--	--	8,672	8,672
Net benefit cost (Note 10)	--	204,200	--	--	204,200
Charge for bad and doubtful debts	52,222	908	--	--	53,130
Directors and key management remuneration (Note 35)	--	12,238	--	--	12,238
Net pension cost (Note 10)	--	276,100	--	--	276,100
Interest charges (COPCO)				(14,949)	(14,949)
Bad Debt – LFPP project				86,319	86,319
Loss on foreign currency	--	--	--	10,108	10,108
Other expenses/(income)	50,915	(32,612)	90,301	9,402	118,006
Total	18,926,909	1,625,079	156,699	137,254	20,845,941

(Presented in Thousands of Trinidad and Tobago dollars)

29. Impairment (write-back)/losses related to investments

		Year ended September 30	
		2018	2017
		$	$
Impairment loss related to loans receivable:			
- WGTL TL in receivership (NIQUAN)	16	2,830	2,862
Impairment related to shares in LABIDCO	12	22,689	-
		25,519	2,862
Reversal of previous impairment losses/(gain):			
- CLICO		(13)	(13)
- WGTL TL (NIQUAN)		(68,795)	(4,669)
		(68,808)	(4,682)
Net impairment losses		(43,289)	(1,820)

In the year 2018 September 30, the reversal of impairment losses for World GTL Trinidad Limited (WGTL) related to receipt of funds issued by NIQUAN Energy Trinidad Limited (NIQUAN) in settlement of purchase of the assets of WGTL TL (Note 1 and 39). Based on a valuation undertaken by a professional valuation firm (see 40 (a) (ii)), LABIDCO shares were impaired by $22,689. See Note 12.

30. Employee benefits expense (excluding retirement benefits and termination benefit)

	Year ended September 30	
	2018	2017
Salaries and wages benefits	$ 1,324,936	$ 1,576,264
Allowances	113,224	148,433
Overtime	188,732	320,421
Other personnel costs	11,384	39,861
Medical services	44,909	67,413
Travel plan	19,293	20,771
Voluntary separation costs (VSSP)	--	200
Housing aid	18,014	18,489
Savings plan	44,215	40,268
National Insurance	86,327	75,566
	$ 1,851,034	$ 2,307,686

31. Finance income and costs

- Bank borrowings	$ (866,491)	$ (784,501)
- Finance charge on decommissioning costs (Note 22)	(192,727)	(266,504)
Finance costs	(1,059,218)	(1,051,005)
Finance income:		
- Interest on short-term investments	2,170	1,474
Finance income and costs	$ (1,057,048)	$ (1,049,531)

In the year ended 2018 September 30, the Group incurred interest on borrowings of $866,491 (2017: $784,501), which excludes $188,804 (2017: $147,011) as it relates to interest on general borrowings which were capitalised.

(Presented in Thousands of Trinidad and Tobago dollars)

32. Tax

(a) Amounts recognised in profit or loss

	Year ended September 30	
	2018	**2017**
	$	**$**
Tax (expense)/credit:		
Current tax	(165)	(651)
Under / (over) adjustment PPT	--	(130,223)
Deferred income tax:		
-current year (Note 13)	(864,598)	(332,613)
	(864,763)	(463,487)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits as follows:

	Year ended September 30	
	2018	**2017**
	$	**$**
Loss before tax	(15,623,118)	(1,730,716)
Tax calculated at a rate of 55%	8,592,715	951,260
- Expenses not deductible for tax purposes	23,449	(206,852)
- Effect of difference on initial recognition	25,701	44,959
- Prior year tax adjustment		
- PPT/DIT	--	(127,960)
- Losses	144,685	--
- R&M current year losses not recognised	(1,315,847)	(1,111,267)
		--
	(6,217,075)	--
- De-recognition of DIT asset relating to prior year R&M tax losses	(974,300)	-- --
- Losses not recognised – E&P DIT Asset		
-E&P current year losses not recognised	(496,371)	
- Differences in R&M tax rates	(760,420)	(90,835)
- Difference due to translation	10,560	33,322
- Other	102,140	43,886
	(864,763)	(463,487)

33. Contingent liabilities

(a) Housing loan guarantee

The Group has guaranteed mortgage-housing loans amounting to approximately 2018: $4,893 (2017: $5,242) made by various financial institutions to its employees participating in the housing aid scheme operated by the Group. Effective 2018 November 30 all guarantees for mortgage-housing loans has ceased following the termination of all employees.

(b) Letter of credit

The Group has an outstanding letter of credit facility with a financial institution for 2018: $146,578/US$21,708 (2017: $143,956/US$21,352) which expired on 2018 December 31. This credit facility was established to meet PETROTRIN's 15% share of its abandonment liability with respect to its TSP Joint Venture. Effective 2019 January 01, as per Vesting Act this facility was transferred to Heritage.

(c) Litigation

Contractors' claims against the Group amounted to $210,740 (2017: $121,387) for which the Group has not recognised as an obligation.

In addition, there are a number of other legal claims against the Group amounting to $44,351 (2017: $56,622) in the ordinary course of business, including employment and pollution. At present, it is not possible to predict the outcome of such legal proceedings; however, the Group believes that they will be resolved with no significant impact on Group operations, financial position or liquidity and as such no provisions have been recognised in these financial statements.

Additionally, there were several unresolved disputes with the Oilfield Workers Trade Union ("OWTU") which involve allegations that the Group incorrectly calculated or failed to pay termination benefits, incorrectly calculated pension benefits and failed to pay various allowances and subsidies. At this time, it is not possible to predict the outcome of these disputes and as such, no provision was made in fiscal year 2018.

(d) Customs and immigration bonds

Contingent liabilities of the Group in respect of custom and immigration bonds amounted to approximately $2,248 (2017: $6,749). Effective 2018 December 01 customs and immigration bonds arrangements have been cancelled following the decision to discontinue operations.

(e) Financial support guarantee

Further to a letter of guarantee dated 1999 September 23, as the major shareholder in Trintomar with respect to abandonment liabilities, the Group has provided a guarantee of financial support to Trintomar in the event that Trintomar cannot meet its normal operating commitment. As per 2018 Vesting Act the assets and liabilities of Trintomar has been vested with Heritage Petroleum Company Limited.

(f) Other

In various press releases, the Prime Minister of the Republic of Trinidad and Tobago announced publicly about the provision of enhanced termination packages to ex-PETROTRIN workers in terms of priority housing and agricultural incentives. To date the Board of Directors has not received any written commitment on this from the Prime Minister or GORTT and have not made any provision or contingent liability disclosures in the financial statements.

(Presented in Thousands of Trinidad and Tobago dollars)

34. Commitments

(a) Operating lease commitments – where the Group is the lessee

The lease expenditure charged to the profit or loss during the year is disclosed in Note 28 – Rental of equipment.

(b) Sales commitments

The Group has entered into long-term sales contracts with a number of its customers. At the reporting date, these amounted to approximately $1,028,040 (2017: $4,498,121). This is for the delivery of contracted volumes. The selling price used to value the commitment is a formula based on Platt's reference price, which is then forecasted based on Petroleum Institute Research Associates forecasts. Sales price at the actual date of sale is based on the pricing formula referenced to the Platt's posting. No liabilities were incurred. These contracts were terminated by mutual agreement.

	Year ended September 30			
Product	**2018**		**2017**	
	BBls	$	BBls	$
Gasoil	12,015	7,936	2,159,826	855,601
Jet Fuel	18,565	12,217	774,580	342,276
Mogas	114,434	64,147	3,440,166	1,548,158
Fuel Oil	655,034	304,138	1,472,333	483,996
Mixed	1,038,354	639,602	2,774,327	1,268,090
	1,838,402	1,028,040	10,621,232	4,498,121

(c) Purchases commitments

Purchases commitments as at 2018 September 30 amounted to approximately $804,302 (2017: nil) as outlined below:

	Year ended September 30			
Product	**2018**		**2017**	
	BBls	$	BBls	$
Gasoil	729,446	419,515	--	--
Jet Fuel	239,276	153,785	--	--
Mogas 95 RON	234,348	127,982	--	--
Mogas 92 RON	239,264	103,020	--	--
	1,442,334	804,302	--	--

(Presented in Thousands of Trinidad and Tobago dollars)

35. Related party transactions

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

Most significant transactions concern:

- Sale of refined products to Trinidad and Tobago National Petroleum Marketing Company Limited
- Purchase of natural gas from The National Gas Company of Trinidad and Tobago Limited
- The exploration for and production of crude oil and natural gas through joint arrangements

The following is a description of trade and financing transactions with related parties:

	As at 2018 September 30		
Name of Company/Equity	**Gross receivables**	**Payables**	**Commitments**
	$	**$**	**$**
The Government of the Republic of Trinidad and Tobago (GORTT)			
-Subsidy Receivable *	1,820,625	--	--
-Taxes (Note 23)	--	3,322,829	--
-Royalties (Note 24)		992,575	
-Taxes other than income taxes (Note 24)	--	1,647,436	--
*Subsidy payments are received by the Group after remittance of same to NPMC and UNIPET by the GORTT.			
Entities under common control			
Trinidad and Tobago National Petroleum Marketing Company Limited	562,233	1,074	--
The National Gas Company of Trinidad and Tobago Limited	88,129	105,480	--

	Year ended 2018 September 30			
	Cost		Revenue	
	Goods	**Services**	**Goods**	**Services**
	$	**$**	**$**	**$**
The Government of the Republic of Trinidad and Tobago (GORTT)				
- Taxes and royalties	--	676,479	--	--
- Other	--	271,924	--	--
Entities under common control				
Trinidad and Tobago National Petroleum Marketing Company Limited	12,532	--	4,458,445	40,864
The National Gas Company of Trinidad and Tobago Limited	453,192	--	--	--

(Presented in Thousands of Trinidad and Tobago dollars)

35. Related party transactions (continued)

Name of Company/Equity	Gross receivables $	Payables $	Commitments $
	As at 2017 September 30		
The Government of the Republic of Trinidad and Tobago (GORTT)			
-Subsidy Receivable	815,516	--	--
-Taxes (Note 23)	--	2,254,175	--
-Royalties (Note 24)		851,651	
-Taxes other than income taxes (Note 24)	--	511,073	--
*Subsidy payments are received by the Group after remittance of same to NPMC and UNIPET by the GORTT.			
Entities under common control			
Trinidad and Tobago National Petroleum Marketing Company Limited	408,863	634	--
The National Gas Company of Trinidad and Tobago Limited	86	154,246	--

	Cost		Revenue	
	Year ended 2017 September 30			
	Goods $	Services $	Goods $	Services $
The Government of the Republic of Trinidad and Tobago (GORTT)				
- Taxes and royalties	--	411,821	--	--
- Other	--	223,959	--	--
Entities under common control				
Trinidad and Tobago National Petroleum Marketing Company Limited	11,436	--	3,658,627	5,207
The National Gas Company of Trinidad and Tobago Limited	495,016	--	--	--

Guarantees provided by the Government of the Republic of Trinidad and Tobago

There are a number of guarantees provided by the Government of the Republic of Trinidad and Tobago amounting to $1,553,018 (2017: $1,382,131) in respect of short term loans. These guarantees have continued into fiscal year 2019.

(Presented in Thousands of Trinidad and Tobago dollars)

35. Related party transactions (continued)

Compensation of directors and key management personnel:

Compensation of persons with responsibility for key positions in planning, direction and control functions of the Group, including executive officers (key Management personnel) consist of the following:

	Year ended September 30	
	2018	**2017**
	$	**$**
Short-term employees benefits	9,564	10,966
Long-term employees benefits	526	1,272
	10,090	12,238

36. Interest in joint operations

The Group has a shared control in the following joint operations which are all based in Trinidad and Tobago:

	As at September 30	
	2018	**2017**
	Effective Interest	Effective Interest
NCMA Block 9 – Offshore	19.50%	19.50%
Central Block	35.00%	35.00%
East Brighton Block	30.00%	30.00%
Moruga West	40.00%	40.00%
Point Ligoure, Guapo Bay, Brighton Marine (PGB)	30.00%	30.00%
South East Coast Consortium	16.00%	16.00%
South West Peninsula	27.50%	27.50%
Parrylands 'E' Block	25.00%	25.00%
Teak, Samaan, Poui (TSP)	15.00%	15.00%
Block 22	10.00%	10.00%
Block 3A (Note 36.1)	20.13%	15.00%
Galeota	35.00%	35.00%
NCMA 4	20.00%	20.00%
Rio Claro Block	20.00%	20.00%
Ortoire Block	20.00%	20.00%
St. Mary's Block	20.00%	20.00%

36.1 Block 3A

The change in the effective interest rate is due to one of the participant relinquishing its interest which was taken up by PETROTRIN.

(Presented in Thousands of Trinidad and Tobago dollars)

36. Interest in joint operations (continued)

These joint operations are involved in the exploration for and production of crude oil and natural gas. They represent unincorporated, jointly controlled operations. The Group's interest in the assets, liabilities and expenditures of these ventures are included in the relevant components of the Group's financial statements.

The following table sets out summarized financial data of the Group's share of the assets and liabilities and material revenue and expenses of these jointly controlled operations. These amounts are included in the Group's statement of financial position and profit or loss and other comprehensive income:

	Joint operations					
	NCMA Block 9 – Offshore	**Teak, Samaan, Poui (TSP)**	**Central Block**	**South East Coast Consortium**	**Other**	**Total**
			As at 2018 September 30			
Assets:	**$**	**$**	**$**	**$**	**$**	**$**
Property, plant and equipment	--	125,479	122,120	82,207	1,610	331,416
Current assets	121,529	23,855	19,187	23,427	1,934	189,932
Liabilities:						
Current liabilities	19,443	14,224	17,725	18,750	38,174	108,316
Commitments	2,805	3,805	502	6,068	15,977	29,157
			Year ended 2018 September 30			
Revenue	356,496	289,025	106,162	135,188	32,626	919,497
Cost of Sales	(254,053)	(206,995)	(55,879)	(66,971)	23,054	(560,844)
Income tax benefit/ (expense)	(2,964)	(2,382)	(1,352)	(4,233)	(992)	(11,923)
			As at 2017 September 30			
Assets:						
Property, plant and equipment	169,476	113,415	125,204	84,795	176,994	669,884
Current assets	32,466	17,002	2,765	21,659	1,271	75,163
Liabilities:						
Current liabilities	18,784	14,456	7,462	9,618	14,433	64,753
Commitments	5,388	8,750	879	7,575	7,903	30,495
			Year ended 2017 September 30			
Revenue	237,564	217,727	47,716	144,753	14,043	661,803
Cost of Sales	(342,183)	(153,178)	(75,261)	(62,026)	(6,493)	(639,141)
Income tax benefit/ (expense)	70,703	(32,457)	15,436	(56,573)	(7,866)	(10,757)

(Presented in Thousands of Trinidad and Tobago dollars)

36. Interest in joint operations (continued)

The commitments related to capital and operating expenditure for which vendors have been contracted. There are no contingencies related to the Group's interest in these ventures.

37. Cash generated from operations

Reconciliation of loss before tax to cash generated from operations:

	Note	Year ended September 30 2018 $	2017 $
Operating Activities			
Loss before tax		(15,623,118)	(1,730,716)
Amortisation of intangible assets	7	439,510	487,812
Utilisation of decommissioning provision	22	(4,757)	(3,414)
Depreciation	6	1,427,726	1,489,370
Impairment losses related to investments -LABIDCO	29	22,689	20,311
Impairment losses related to investments -WGTL	29	2,830	2,862
Impairment write back related to investments	29	(68,795)	(4,669)
Impairment losses		15,452,492	--
Write back of negative assets	7	(32,186)	--
Foreign currency translation loss		51,657	237,916
Finance costs	31	1,059,218	1,051,005
Finance income	31	(2,170)	(1,474)
Loss on disposal of property, plant and equipment	37	281	8,672
Net pension cost	10	(472,900)	276,100
Net benefit cost	10	(1,996,800)	204,200
Taxes other than income taxes		976,174	385
Pension contributions paid	10	(168,200)	(169,200)
Post-employment medical benefits paid	10	(95,400)	(89,800)
Changes in working capital:			
Decrease in accounts receivables and prepayments		(728,223)	(72,506)
Decrease in inventories		2,132,921	155,408
Decrease in other liabilities		2,240,307	629,938
Change in assets held for distribution		(2,748,986)	--
Change in liabilities held for distribution		117,278	--
Cash generated from operations		**1,981,548**	**2,492,200**

(Presented in Thousands of Trinidad and Tobago dollars)

37. Cash generated from operations (continued)

In the cash flow statement, proceeds from sales of property, plant and equipment and intangible assets comprise:

	Year ended September 30	
	2018 **$**	**2017** **$**
Net book value (Note 6 and 7)	281	19,452
Loss on disposal	(281)	(8,672)
Proceeds from sales	--	10,780

38. Assets and Liabilities Held For Distribution

The following assets and liabilities were reclassified as held for distribution as at 2018 September 30

	Note	E&P	2018 R&M	Other	Total
Assets classified as held for sale					
Property, Plant and Equipment - Tangible	6	1,107,887	3,316,191	--	4,424,078
Intangible Assets and goodwill	7	6,841,807	185,598	--	7,027,405
Cash in Escrow - shareholder	15	238,612	--	--	238,612
Inventories	17	487,563	2,224,212	--	2,711,775
Receivables and prepayments	18	40,776	--	--	40,776
Cash and cash equivalents	19	83,450	--	--	83,450
Investment in Point Fortin LNG Exports Limited (PFLE)		439	--	--	439
Total Assets held for distribution		**8,800,534**	**5,726,001**	**--**	**14,526,535**
Liabilities directly associated with assets classified as held for sale					
Provisions	22	5,654,219	2,306,578	--	7,960,797
Trade and Other Payables*	24	60,538	40,000	--	100,538
Borrowings	21	64,331	--	--	64,331
Total liabilities held for distribution		**5,779,088**	**2,346,578**	**--**	**8,125,666**

There were no assets held for distribution in the prior year.
*Amounts included in trade and other payables relate to;
- abandonment fund liabilities in relation to certain joint venture and lease operatorship operations and
- payment received from the GRTT for stocks transferred to Liquid Fuels Company of Trinidad and Tobago Limited (LFCTT)

(Presented in Thousands of Trinidad and Tobago dollars)

39. (a) Fair Value - Investments

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is provided below.

At 30 September 2018	Notes	Level 1 TT'000	Level 2 TT'000	Level 3 TT'000	Total TT'000
Investments					
LABIDCO Preference Shares		--	--	1,138	1,138
Total financial assets		--	--	1,138	1,138

ii) Recognized fair value measurements

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. This is the first year the Group has carried out a fair value assessment and all of the Group investments are classified as level 3 as outlined above. The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data 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.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(Presented in Thousands of Trinidad and Tobago dollars)

39 (a) Fair Value – Investments (Continued)

iii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the fair value of the NiQuan Energy Trinidad Limited Preference shares was determined using a conservative view that the instrument would have no material value
- the fair value of the LABIDCO investment was determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 3.

iv) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Description	**Fair Value at**		**Unobservable inputs**	**Range of inputs (probability-weighted average)**		**Relationship of unobservable inputs to fair value**
	30-Sep-18 $	30-Sep-17 $		2018	2017	
LABIDCO Preference shares	1,138	N/A	Earnings growth factor	$1,190-$1,140	N/A	Any further decrease in the income would not impact the investment as it has already been valued at nil.
NiQuan Energy Trinidad Limited Preference shares	Nil	N/A	Discount rate	N/A	N/A	Any further increase in the discount rate would not impact the investment as it has already been valued at nil.

39 (b) Fair Value – R&M Assets, land and buildings and medical centres

i) Valuation processes

The decision to cease operations and restructure the Group as described in Note 1 was considered an impairment trigger for the two cash generating unit (CGU): E&P and R&M. E&P assets were assessed for impairment using the value in use method (see Note 6, 7 and 8). R&M assets and other corporate assets (for which there is no independent cash flows) were assessed for impairment using a number of fair value methods described below.

The Board of Directors of the Group engaged separate professional valuators to perform the valuations of property items required for financial reporting purposes, including level 3 fair values. These teams report directly to the finance director. Discussions of valuation processes and results were held between the finance director and the valuation team periodically.

Valuation of refinery and terminalling assets including capital and operating spares and catalysts:

The refinery and terminalling assets including capital and operating spares and catalysts: were valued using a cost approach (See note 5). The valuation includes the equipment process units inside battery limits and supporting equipment outside the battery limits. The valuation does not include land, land improvements and buildings and other existing infrastructure not dedicated to the machinery and equipment.

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

- Replacement cost new (both refinery and terminalling)
- Normal useful life (both refinery and terminalling)
- Physical depreciation (both refinery and terminalling)
- Functional obsolescence (both refinery and terminalling)
- Economic obsolescence (both refinery (inclusive of capital and operating spares and catalysts) and terminalling)
- Current condition and restart (refinery only)

Valuation of land and buildings:

The various land and buildings were valued using a cost or income capitalisation approach based on the assumed land area for each of the subject properties.
In the absence or deeds and maps 'the best estimate of the land area (footprint) for each property was the fenced area in which it located. Some of the properties did not have a perimeter fence encompassing the entire property and therefore Google Maps aerial imaging was used to approximate property boundaries in respect of the subject properties. The surrounding access roads and fences where possible was also used as an undemarcated borderline to establish a site area for the subject properties.

Valuation of medical centres:

The various medical centres throughout the country were valued using an income capitalisation approach based income streams which is believed to be representative of the market rent achievable given the size, location and physical condition of these facilities.

There were no changes in level 2 and 3 fair values as this is the first year the Group has carried out fair valuations over certain of its assets due to the decision to restructure and the basis of presentation adopted as described in Note 1.

(Presented in Thousands of Trinidad and Tobago dollars)

39 (b) Fair Value –R&M assets, land and buildings and medical centres (continued)

ii) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 41 (a).

	Level 1 $	Level 2 $	Level 3 $	Total $
R&M assets	--	--	3,617,600	3,617,600
Terminalling assets	--	--	924,800	924800
Medical centres	--	--	19,830	19,830
Land and Buildings	--	--	165,240	165,240
Total non-financial assets	--	--	4,727,470	4,727,470

iii) Recognized fair value measurements

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. This is the first year the Group has carried out a fair value assessment and all of the Group R&M assets, land and buildings and medical centres is classified as level 3.

iv) Valuation techniques used to determine level 2 and level 3 values

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

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

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

(Presented in Thousands of Trinidad and Tobago dollars)

39 (b) Fair Value – E&P Assets, R&M Assets and Land and Buildings and medical centres (Continued)

v) Valuations inputs and relationships to fair value

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

Description	Fair Value as at	Carrying Value as at	Unobservable inputs	Range of inputs (probability-weighted average)		Relationship of unobservable inputs to fair value
	30-Sep-18 $	30-Sep-18 $		2018	2017	
Land and Buildings - Administration Building	61,240	664	Acreage	12.25 acres	N/A	A variance of +/- 1.0 Acre in relation to the Administration Building or Refinery Laboratory would result in +/- TT$3,267 and TT$2,395 for the Hospital Building (subject to change).
Land and Buildings - Augustus Long Hospital (and associated buildings)	45,000	17,692	Acreage	5.2 acres	N/A	
Land and Buildings - Refinery Lab (and associated buildings)	59,000	59,000	Acreage	5.2 acres	N/A	
R&M refinery assets	3,619,218	3,619,218	Effective age	- 5 years	N/A	The lower this variable the higher the fair value
			Minimum percentage good	- 5%	N/A	The lower this variable the higher the fair value
			Turnaround cost	+15 years normal useful life	N/A	The higher this variable the lower the fair value
			Replacement cost new	+20%	N/A	The higher this variable the lower the fair value
			Restart cost	+15%	N/A	The higher this variable the lower the fair value
			Run time (capacity)	- 25%	N/A	The lower this variable the lower the fair value

(Presented in Thousands of Trinidad and Tobago dollars)

39 (b) Fair Value – E&P Assets, R&M Assets and Land and Buildings and medical centres (Continued)

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

Description	Fair Value as at	Carrying Value as at	Unobservable inputs	Range of inputs (probability-weighted average)		Relationship of unobservable inputs to fair value
	30-Sep-18 $	30-Sep-18 $		2018	2017	
Terminalling assets	920,331	479,936	Same as above	Same as above	N/A	Same as above
Medical centres	19,830	15,334	Rent per sq. foot	$3.50-$22.50 per sq. foot	N/A	Depending on the size, type of accommodation and amenities provided
Spares	151,832	156,934	Index and depreciated cost	15 year normal useful life and straight-line depreciation	N/A	N/A as there is no range
			Net realisable value	0% - 12%	N/A	The higher the percentage of cost, the higher the fair value
Catalyst	154,929	147,421	Purchase date	4 years ago	N/A	The more recent the purchase date the higher the fair value.
			Average cost per troy ounce adjusted to reflect timing and condition	N/A	N/A	The higher cost per troy ounce the higher the fair value

40. Subsequent events

a) (i) Following an announcement prior to the year end to terminate all employees and restructure the organisation, all employees were served with notices of termination. The notices included provisions in respect of termination payments, back pay, annual vacation leave, pension arrangements and medical insurance and other matters.
(ii) A professional services firm was subsequently engaged to manage the operations of PETROTRIN after the termination of employees.

b) By virtue of the Miscellaneous Provisions (Heritage Petroleum, Paria Fuel Trading, Guaracara Refining Vesting) Bill, 2018; effective 2018 December 1, PETROTRIN's assets relative to exploration and production (E&P), terminalling operations and refining operations were vested in Heritage Petroleum Company Limited, Paria Fuel Trading Limited and The Guaracara Refining Company Limited respectively, all of which are related parties (refer to note (d) below). The associated decommissioning and dismantlement obligations in respect of E&P, terminalling and refining operations were also legally transferred as a result of the bill.

c) By virtue of the PETROTRIN Vesting Bill, 2018; certain assets of Trinidad and Tobago Oil Company Limited and Trinidad and Tobago Petroleum Company Limited were vested in PETROTRIN effective 2018 December 01. These assets were used by PETROTRIN prior to the vesting, but title was not perfected.

d) By deeds of surrender dated 2018 November 29, all of PETROTRIN's issued share capital was surrendered. On 2018 November 30, one share was the issued by PETROTRIN to Trinidad Petroleum Holdings Limited (TPHL), an entity incorporated in the Republic of Trinidad and Tobago, making TPHL the parent company. TPHL is owned by the Government of the Republic of Trinidad and Tobago. TPHL has 3 other wholly owned subsidiaries which were formed as a result of PETROTRIN's restructuring as described above. The subsidiaries are in Heritage Petroleum Company Limited, Paria Fuel Trading Limited and the Guaracara Refining Company Limited.

e) PETROTRIN's Board of Directors provided instructions to the trustees of its two pension fund plans (PETROTRIN Employees' Pension Plan (PEPP) and Staff Pension Plan (SPP)) and medical plans for the plans to be closed. This event was accounted for an adjusting post balance sheet event. The results of this decision is reflected in note 10. As at the year end the consolidated retirement benefit surplus (before the effect of asset ceiling) was $507,400, which comprised of a surplus of $592,100 in respect of the SPP and a deficit of $84,700 in respect of the PEPP. With regards to deficit on the PEPP, the Board of Directors of the new parent company, Trinidad Petroleum Holdings Limited have indicated to PEPP's Trustees that they are prepared to provide a guarantee of the actuarially determined annual contribution amounts in the event that PETROTRIN is unable to make the payments for any reason.

f) Effective 2018 December 1, PETROTRIN purchased a two year medical insured defined benefit plan from a third party provider in respect of all terminated PETROTRIN employees, dependents and retirees at a cost of approximately TT$150m. These persons were covered under PETROTRIN's medical plans, which were terminated as explained above. This event was accounted for an adjusting post balance sheet event. (Note 10).

40. Subsequent Events (continued)

g) On 2018 November 30, PETROTRIN and the Republic of Trinidad and Tobago entered into Subsidy Settlement Agreements with Trinidad and Tobago National Petroleum Marketing Company Limited (TT$1,249m) and United Independent Petroleum Marketing Company Limited (TT$441m) in respect of accumulated trade debts owed as at 2018 October 31. On 2018 November 30, a Receivables Purchase and Acknowledgement Agreement (debt factoring) for US$249m (equivalent TT$1,693m) was also entered into among the Republic of Trinidad and Tobago (Obligor), PETROTRIN (Seller), Third party bank - regional, third party bank - international and State controlled bank - local (Purchasers and Arrangers) and Third party bank - regional (Administrative Agent). These events were accounted for as an adjusting post balance sheet event.

h) As per the Supplemental Indenture dated 2018 November 30 the 9.75% Notes due 2019 and 6.000% Notes due 2022 were transferred from PETROTRIN (Existing Obligor) to Trinidad Petroleum Holdings Limited (New Obligor).

i) On 2019 April 16, in relation to the debt transferred to TPHL (See Note 40 h), Moody's Investors Service (Moody's) assigned a Ba3 Corporate Family Rating (CFR) and a b2 Baseline Credit Assessment (BCA) to TPHL. Simultaneously, Moody's assigned a Ba3 rating to TPHL's proposed up to $425 million in guaranteed senior secured notes and a Ba3 rating to the TPHL's proposed senior secured term loan. Both the proposed notes and term loan will be guaranteed by Heritage Petroleum Company Limited (Heritage) and other smaller subsidiaries of TPHL. Proceeds from the transactions will be used primarily to repay PETROTRIN's 2019 and 2022 senior notes. The outlook on the ratings is stable. This is the first time that Moody's assigns ratings to TPHL. At the same time, Moody's assigned withdrew PETROTRIN's CFR and upgraded the senior unsecured debt rating on the TPHL's existing 2019 and 2022 notes to Ba3 from B1. This rating action completes the rating review started in 2018 September, which was triggered primarily by increasing liquidity risk related to the approaching maturity of the 2019 bonds.

(Presented in Thousands of Trinidad and Tobago dollars)

41. Segment information

The Group is organised and managed on the basis of two segments, E&P and R&M. These are the reportable segments of the Group as they form the basis used by the Board of Directors and the Management team, as the chief operating decision makers, for assessing performance and allocating resources. These reported segments are closely integrated as the output of the E&P segment forms a substantial input of the R&M segment. As such, some of the operations (assets, liabilities, income and expenses) are not separately identifiable. Effective 2018 March 01, the Management Team resigned and an Interim Management Team, consisting of the Chairman, two Executive Directors and an Advisor to the Board of Directors were appointed to manage the operations of Exploration and Production and Refining & Marketing.

These amounts are shown as "other" in the segment information disclosed below.

The segment results for the year ended 30 September 2018 are as follows:

	E&P $	R&M $	Other $	Total
Total segment revenue	1,132,037	23,403,861	6,778	24,542,676

Other segment items included in the consolidated income statement are as follows:

	Year ended 30 September 2018			
	E&P $	R&M $	Other $	Total $
Depreciation	422,957	989,355	15,414	1,427,726
Amortization	430,008	--	9,502	439,510

The segment assets and liabilities at 30 September 2018 and capital expenditure for the year then ended are as follows:

	E&P $	R&M $	Other $	Total $
Assets*	8,683,400	6,401,789	8,632,309	23,717,498
Capital expenditure	364,407	216,001	24,881	605,289

*Included under the category "Other" above are deferred tax asset and liability balances attributable to E&P of and R&M which will not be distributed to owners due to legal tax requirements.