Trinidad Petroleum Holdings Limited

Consolidated Financial Statements

30 September 2019

(Expressed in Thousands of Trinidad and Tobago Dollars)

Trinidad Petroleum Holdings Limited

Contents	Page
Statement of Management Responsibilities	1
Independent Auditors' Report	2 -- 15
Consolidated Statement of Financial Position	16 -- 17
Consolidated Statement of Profit or Loss and Other Comprehensive Income	18 – 19
Consolidated Statement of Changes in Equity	20 -- 21
Consolidated Statement of Cash Flows	22
Notes to the Consolidated Financial Statements	23 -- 172

Trinidad Petroleum Holdings Limited

Statement of Management Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Trinidad Petroleum Holdings Limited (the Group) which comprise the consolidated statement of financial position as at 30 September 2019, the consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;

- Ensuring that the Group keeps proper accounting records.

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

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

- Ensuring that the system of internal control operated effectively during the reporting year.

- 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.

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

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

Andre Jeffers
Group Finance/Portfolio Management
& Investor Relations Leader

2 March 2022

Nigel Campbell
Group Chief Financial Officer

2 March 2022

KPMG
Chartered Accountants
Savannah East
11 Queen’s Park East
P.O. Box 1328
Port of Spain
Trinidad and Tobago, W.I.

Tel: (868) 612-KPMG
Email: kpmg@kpmg.co.tt
Web: https://home.kpmg/tt

Independent Auditors’ Report
To the Shareholder of Trinidad Petroleum Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Trinidad Petroleum Holdings Limited (“the Group”), which comprise the consolidated statement of financial position as at 30 September 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for 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 2019, 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

We were unable to obtain sufficient appropriate audit evidence over expenses in the amount of $0.309 billion and the carrying amount of related trade and other payables in the amount of $0.233 billion, specifically related to Petroleum Company of Trinidad and Tobago Limited, due to the inability of management to locate the supporting evidence from its repository of files or to obtain directly from the respective vendor. Consequently, we were unable to determine whether any adjustment 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.

Basis for Qualified Opinion (continued)

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (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 the IESBA Code.

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

Emphasis of Matters

We draw attention to the following notes in these consolidated financial statements:

- Note 1 of these consolidated financial statements describes the incorporation of Trinidad Petroleum Holdings Limited, Heritage Petroleum Limited, Paria Fuel Trading Company Limited and Guaracara Refining Company Limited on 5 October 2018 and the restructuring activities that occurred amongst Petroleum Company of Trinidad and Tobago Limited (the predecessor entity) and these newly created entities by virtue of the Vesting Act. It further describes the accounting treatment and comparative disclosures of the predecessor entity within these consolidated financial statements.

- Note 34(b) of these consolidated financial statements describes the effects on the Group of the global pandemic which was declared by the World Health Organization related to the novel coronavirus disease 2019 (COVID-19) as well as the implications of the fall in Brent Oil market prices subsequent to year-end. In addition, we draw attention to Note 30(a)(vi) describing the measures that the Board of Directors have approved to be implemented to support the ongoing use of the going concern assumption in the basis of preparation of these consolidated financial statements.

Our opinion is not modified in respect of these matters.

Emphasis of Matter - Prior period error

We draw attention to Note 31 and 32 of these consolidated financial statements describe the effects of the restatements of certain balances in the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income to correct errors identified in the predecessor entity's 30 September 2018 consolidated financial statements. Our opinion is not modified in respect of this matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated 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.

Going concern basis of preparation (Note 30 (a)(v))	
Description of the key audit matter	***How the matter was addressed in our audit***
The going concern assumption underscores the basis on which the financial statements are prepared. The consolidated financial statements has negative equity which creates a going concern issue.	Our audit procedures included evaluating the revenue and cost projections used by the Group by comparing it to the relevant exploration and production licenses and reserve reports and projected oil prices. We inspected written confirmation of a key assumption on the remission from payment of Supplemental Petroleum Tax liabilities from the Minister of Finance in the Government of the Republic of Trinidad and Tobago for a two-year period with effect from 1 July 2019. We inspected written confirmation from the Government of the Republic of Trinidad and Tobago of its intent to support the Group in its financial obligations in the event so required.

Key Audit Matters (continued)

Going concern basis of preparation (Note 30 (a)(v)) (continued)	
Description of the key audit matter	***How the matter was addressed in our audit***
In addition, Paria Fuel Trading Company Limited, Guaracara Refining Company Limited and Petroleum Company of Trinidad and Tobago Limited individual financial statements are all prepared on a non-going concern basis. Heritage Petroleum Company Limited has been prepared on a going concern basis and it is based on the strength of this entity's cash-flows that the Group has prepared its consolidated financial statements on a going concern basis. The Group-wide cashflow projections involved the use of input data and the application of significant assumptions. Small variations in either the input data or assumptions could have resulted in a significant impact on the cash flow forecasts and by extension the basis of preparation of the consolidated financial statements.	

Key Audit Matters (continued)

Revenue - Recognition(Note 21)	
Description of the key audit matter	***How the matter was addressed in our audit***
We identified the recognition of revenue as a key audit matter because of the timing of the commencement of commercial activities of the Group. Whilst the newly formed entities within the Group was incorporated on 5 October 2018, the commercial operations only commenced in December 2018 with the vesting of the operational assets and liabilities of Petroleum Company of Trinidad and Tobago Limited (predecessor entity) under the Vesting Act. Revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by the Group to meet financial targets.	Our audit procedures included: • assessing the appropriateness of the Group's accounting policies for revenue recognition by testing a sample of revenue contracts and assessing the compliance of the policies with relevant accounting standards; • testing on a sample basis the correct timing of the Group's recognition of revenue; and • testing the inclusion of sales transactions to ensure that revenue was recognized in the appropriate period and assessing the accuracy of the recorded sales transactions by agreeing to the external evidence such as product orders, bills of lading and bank statements. No material exceptions were noted as part of our testing.

Key Audit Matters (continued)

Asset Retirement Obligation - measurement (Note 18)	
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. • The Group exercised their judgements to determine the timing and costs associated with the decommissioning obligations. • We identified the provision for decommissioning as a key audit matter due to the significant judgement and estimation required in determining the amount of the provision.	Our procedures in relation to the provision for decommissioning included: • agreeing the estimated cost to dismantle the Group's assets to external supplier/vendor quotes and invoices for similar recent services provided to the Group; • challenging the timing of decommissioning with reference to the relevant exploration and production licenses and reserve reports; • agreeing that the decommissioning obligation be classified as due within 12 months and reflected in the financial statements as a liability directly associated with the assets held for sale; • validating the inflation and discount rates to rates provided by independent industry data sources; No material exceptions were noted as part of our testing.

Key Audit Matters (continued)

Fair Value of R&M and Terminating assets – impairment (Note 29(b) and Note 14)	
Description of the key audit matter	***How the matter was addressed in our audit***
In accordance with the relevant accounting standards, those charged with governance were required to conduct a fair value valuation of the terminal and refinery assets to assess any impairment. The valuation of the terminal and refinery assets is a focal point for the users of the financial statements as this can significantly influence the amount at which these assets will be sold or leased. As the impairments can be material and are impacted by the valuators use of recent comparable transactions as modified for the Group's specific circumstances, we believe that understanding the subjectivity of the estimate is critical for the user of the financial statements and this should be reported as a key audit matter.	Our procedures to audit the valuation calculation included engaging a KPMG valuation specialist to inspect the Group’s expert fair value valuation report. The procedures carried out by our Specialist include: • agreeing that sources of data were acceptable and consistent with leading industry sources; • assessing the mathematical accuracy of the calculation of fair value in the Group’s Expert analysis; • assessing the reasonableness of the methodologies and assumptions applied in the direct cost method of the cost approach and market approach by reviewing an external Insurance report employed by Management in estimating the fair value of the Tangible Assets and the verification that an external “Handbook of Petroleum Refining Processes” used in the determination of costs was an industry recognized source for construction costs; • conducting certain independent testing procedures to assess the reasonableness of the estimated fair value of the Tangible Assets by comparing to the cost information obtained from the Specialist’s internal database that was obtained from prior engagements and discussions with market participants. No material exceptions were noted as part of our testing.

Key Audit Matters (continued)

Income tax expense – deferred taxes (Note 8 (c))	
Description of the key audit matter	***How the matter was addressed in our audit***
The Group recognized deferred tax assets in relation to Property, Plant and Equipment and the abandonment provision on assets obtained from the predecessor entity under the Vesting Act. Due to lack of legislated clarity on the tax treatment for the transferred assets, in the books of the predecessor entity, there is some uncertainty on the wear and tear allowances. In addition, the transfer of the assets from the predecessor entity to the newly formed entities gave rise to a significant taxable gain for which the Group, under the current tax legislation, cannot seek to offset against the predecessor's brought forward operational taxation losses. These are complex taxation matters and inappropriate application of the tax legislation can have a significant impact on the recognition of deferred taxes in the financial statements. The recognition of deferred tax asset is also predicated on the Group's estimate around future taxable temporary differences, namely future taxable profits.	Our procedures involved utilizing our tax specialist to recalculate the Group's wear and tear allowance and invariably the closing tax written down value. Assessing whether the Group followed the requirements of relevant accounting standards to limit recognition of its deferred tax asset to the extent of its deferred tax liability where it is not probable, at the reporting date, that there are sufficient taxable timing differences. This was undertaken through our review of the deferred tax computation by determining the value of the taxable timing differences in relation to Property, Plant and Equipment and limiting the recognition of the deferred tax asset, in relation to the abandonment provision to the extent of those taxable differences. The application of the relevant accounting standard was appropriately applied resulting in the recognition of the deferred tax asset only up to the value of deferred tax liabilities. No material exceptions were noted as part of our testing.

Key Audit Matters (continued)

Financial risk management (Note 4 (a)(iii))	
Description of the key audit matter	***How the matter was addressed in our audit***
As at 30 September 2019, the Group’s gross trade receivables were significant. The Group’s allowances for doubtful debts are based on the Group’s estimate of the expected credit losses to be incurred, which is estimated by taking into account the credit history of the Group’s customers and current market and customer-specific conditions, all of which involve a significant degree of judgement. We identified assessing the recoverability of trade receivables as a key audit matter because it involves significant judgement in determining the recoverable amount of trade debtors and because estimating the recoverable amount involves inherent uncertainty and requires the exercise of significant judgement.	Our audit procedures to assess the recoverability of trade debtors included engaging the use of our specialist to assess the application of relevant accounting standards and also undertake the following: • assessing, on a sample basis, whether items in the trade receivables ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes • comparing, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivable balances as at 30 September 2019 with bank statements and relevant remittance documentation No material exceptions were noted as part of our testing.

Key Audit Matters (continued)

Retirement benefit obligation (Note 17 (a) and (b))	
Description of the key audit matter	***How the matter was addressed in our audit***
The restructuring of the predecessor entity was completed during the financial year and resulted in the termination of employment of all employees as at 30 November 2018. This resulted in significant changes to the actuarially determined obligations associated with the pension and medical plans. In addition, the pension plan contains several unquoted investments for which there is no observable input into the fair values (i.e. no quoted market prices). For both the fair value of the plan assets, as it pertains to the unquoted investments, and the actuarially determined obligations require the use of estimates and significant judgement and a small change in the assumptions can have a material impact on the financial statements.	Our audit procedures included the use of our Actuarial Specialists. The procedures carried out by our Specialist include: • assessing the consistency of the methodology used and compared key assumptions to industry norms and specified external data sources; • testing 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; • testing 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; • accessing corroborating data to obtain evidence that the assumptions used in calculating the pension scheme liabilities and mortality rate assumptions, were consistent with relevant national and industry benchmarks;

Key Audit Matters (continued)

Retirement benefit obligation (Note 17 (a) and (b)) (continued)	
Description of the key audit matter	***How the matter was addressed in our audit***
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.	Our audit procedures also included: • assessing the independence and competence of the actuaries engaged by the Group. • obtaining 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. No material exceptions were noted as part of our testing.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 consolidated 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.

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

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.

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

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

KPMG

Chartered Accountants

Port of Spain
Trinidad and Tobago
March 2, 2022

Trinidad Petroleum Holdings Limited

Consolidated Statement of Financial Position

(Expressed in Thousands of Trinidad and Tobago Dollars)

			As at	
		30 September		1 October
		2019	2018 (Note 32)	2017 (Note 32)
ASSETS	**Note**	$	$	$
Non-current assets				
Tangible assets	5	1,090,288	4,400,160	18,709,167
Intangible assets	5	4,820,791	7,177,790	4,703,422
Financial assets at fair value through profit and loss	6	1,714	2,930	2,112
Interest in other entities	1a,7d	1,414	439	23,827
Deferred income tax assets	8c	1,347,085	4,971,061	11,421,212
Income taxes recoverable	8e	773,612	530,683	530,683
Cash in escrow	9	243,783	238,612	211,948
		8,278,687	17,321,675	35,602,371
Current assets				
Inventories	10	373,177	2,712,175	2,133,321
Receivables and prepayments	11a	719,143	779,737	1,306,028
Due from related parties	2.3a	766,682	2,298,713	1,037,389
Short-term investments	12	150,204	-	-
Financial assets at amortised cost	13e	133,861	-	-
Cash and cash equivalents	13	1,884,725	490,951	852,222
		4,027,792	6,281,576	5,328,960
Assets held for sale	14	4,418,846	-	-
		8,446,638	**6,281,576**	**5,328,960**
Total assets		**16,725,325**	**23,603,251**	**40,931,331**
EQUITY AND LIABILITIES				
Capital and reserves attributable to equity holders of the Company				
Share capital	15	-	2,272,274	2,272,274
Accumulated deficit		(15,761,982)	(15,356,761)	1,242,367
Currency translation differences		(109,996)	576,411	498,750
		(15,871,978)	(12,508,076)	4,013,391
Non-controlling interests		(60,567)	(58,783)	(58,554)
Total equity		**(15,932,545)**	**(12,566,859)**	**3,954,837**

Trinidad Petroleum Holdings Limited

Consolidated Statement of Financial Position (continued)

(Expressed in Thousands of Trinidad and Tobago Dollars)

		As at		
		30 September		1 October
		2019	2018	2017
			(Note 32)	(Note 32)
Liabilities	**Note**	$	$	$
Non-current liabilities				
Borrowings	16	8,333,154	-	7,384,200
Deferred income tax liabilities	8c	1,346,902	4,970,914	10,212,662
Retirement benefit obligation – pension benefits	17a	427,900	84,400	734,200
Retirement benefit obligation – medical benefits	17b	39,400	130,200	2,536,700
Asset retirement obligation	18	5,070,297	8,167,097	3,598,467
		15,217,653	**13,352,611**	**24,466,229**
Current liabilities				
Trade and other payables	19a	2,360,971	5,103,068	4,029,524
Due to related parties	2.3b	3,583,158	2,854,260	1,552,683
Current tax liabilities	8f	7,027,419	3,916,020	2,622,151
Current portions of long-term borrowings	16	139,620	7,424,608	482,018
Short-terms borrowings	20	2,544,951	3,482,682	3,819,316
Asset retirement obligation	18	30,611	36,861	4,573
		15,686,730	22,817,499	12,510,265
Liabilities directly associated with the assets held for sale	14	1,753,487	-	-
		17,440,217	22,817,499	12,510,265
Total liabilities		**32,657,870**	**36,170,110**	**36,976,494**
Total equity and liabilities		**16,725,325**	**23,603,251**	**40,931,331**

The notes on pages 23 to 172 are an integral part of these financial statements.

On 02 March 2022, the Board of Directors of Trinidad Petroleum Holdings Limited authorised these financial statements for issue.

Director **Director**

Trinidad Petroleum Holdings Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Thousands of Trinidad and Tobago Dollars)

		Year ended 30 September	
		2019	2018 (Note 32)
	Note	$	$
Continuing operations:			
Revenue	21	**6,259,427**	**1,138,815**
Cost of sales	22	(4,495,787)	(7,402,494)
Gross profit / (loss)		**1,763,640**	**(6,263,679)**
Administrative expenses	22	(173,473)	(357,819)
Marketing expenses	22	(7,671)	(10,382)
Other operating expenses	22	(53,243)	(20,669)
Impairment expense	23	(82,894)	13
Other operating income	24	218,039	39,252
Operating profit / (loss)		**1,664,398**	**(6,613,284)**
Finance income	25	11,795	1,306
Finance cost-bank borrowings	25	(900,096)	(981,142)
Finance cost - asset retirement obligation	18	(347,305)	(696)
Net finance costs		**(1,235,606)**	**(980,532)**
Share of profit of associates accounted for using the equity method, net of tax	2.4e	977	-
Profit / (loss) before tax from continuing operations		**429,769**	**(7,593,816)**
Income tax expenses	8a	(2,687,935)	(1,527,195)
Loss for the period from continuing operations		**(2,258,166)**	**(9,121,011)**
Discontinued operations			
Loss after tax for the period from discontinued operations	14	(595,526)	(7,801,359)
Loss for the period		**(2,853,692)**	**(16,922,370)**

The notes on pages 23 to 172 are an integral part of these financial statements.

Trinidad Petroleum Holdings Limited

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

	As at 30 September 2019 $	 2018 $ (Note 32)
Other comprehensive income/(loss)		
Items not classified to profit and loss		
Currency translation differences	(139,794)	77,669
Re-measurements experience adjustments on retirement benefit obligation - pension benefits	(362,400)	8,700
Re-measurements experience adjustments on retirement benefit obligation – medical benefits	(9,800)	314,300
	(511,994)	400,669
Items that will be reclassified to profit and loss		
Available for sale financial assets - net change in fair value	--	5
	--	5
Other comprehensive (loss)/income net of income tax	(511,994)	400,674
Total comprehensive loss	(3,365,686)	(16,521,696)
Profit /(loss) attributable to:		
Equity holders of the Company	(2,851,908)	(16,922,133)
Non-controlling interests	(1,784)	(237)
	(2,853,692)	(16,922,370)
Total comprehensive loss attributable to:		
Equity holders of the Company	(3,363,902)	(16,521,459)
Non-controlling interests	(1,784)	(237)
	(3,365,686)	(16,521,696)

The notes on pages 23 to 172 are an integral part of these financial statements.

Trinidad Petroleum Holdings Limited

Consolidated Statement of Changes in Equity

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Note	Stated capital	Currency translation difference	Accumulated deficit	Total	Non-controlling interest	Total equity
		$	**$**	**$**	**$**	**$**	**$**
Year ended 30 September 2019							
Restated balance as at 01 October 2018	31	2,272,274	576,411	(15,356,761)	(12,508,076)	(58,783)	**(12,566,859)**
Surrender of shares	1	(2,272,274)	-	2,272,274	-	-	**-**
Loss for the year		-	-	(2,851,908)	(2,851,908)	(1,784)	**(2,853,692)**
Other comprehensive income:							
Currency translation differences		-	(139,794)	-	(139,794)	-	**(139,794)**
Re-measurements experience adjustments on defined benefit obligation - pension		-	-	(362,400)	(362,400)	-	**(362,400)**
Re-measurements experience adjustments on defined benefit obligation - medical		-	-	(9,800)	(9,800)	-	**(9,800)**
Currency translation transferred to accumulated deficit	4c (i)	-	(546,613)	546,613	-	-	**-**
Total other comprehensive loss for the year		-	(686,407)	174,413	(511,994)	-	**(511,994)**
Total comprehensive loss for the year		(2,272,274)	(686,407)	(405,221)	(3,363,902)	(1,784)	**(3,365,686)**
Balance as at 30 September 2019		**-**	**(109,996)**	**(15,761,982)**	**(15,871,978)**	**(60,567)**	**(15,932,545)**

The notes on pages 23 to 172 are an integral part of these financial statements.

Trinidad Petroleum Holdings Limited

Consolidated Statement of Changes in Equity (continued)

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Note	Stated capital	Currency translation difference	Accumulated deficit	Total	Non-controlling interest	Total equity
		$	$	$	$	$	$
Year ended 30 September 2018							
Restated balance as at 01 October 2017	31	2,272,274	498,750	1,242,367	4,013,391	(58,554)	**3,954,837**
Total loss for the year as previously reported		-	-	(16,487,644)	(16,487,644)	(237)	**(16,487,881)**
Impact of correction of errors	31	-	-	(434,489)	(434,489)	-	**(434,489)**
Restated loss for the year		-	-	(16,922,133)	(16,922,133)	(237)	**(16,922,370)**
Other comprehensive income:							
Currency translation differences		-	77,661	-	77,661	8	**77,669**
Re-measurements experience adjustments on defined benefit obligation - 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 instruments		-	-	5	5	-	**5**
Total other comprehensive income		-	77,661	323,005	400,666	8	**400,674**
Restated total comprehensive loss for the year	31	-	77,661	(16,599,128)	(16,521,467)	(229)	**(16,521,696)**
Restated balance as at 30 September 2018	**31**	**2,272,274**	**576,411**	**(15,356,761)**	**(12,508,076)**	**(58,783)**	**(12,566,859)**

The notes on pages 23 to 172 are an integral part of these financial statements.

Trinidad Petroleum Holdings Limited

Consolidated Statement of Cash Flows

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Note	Year ended 30 September 2019 $	 2018 $ (Note 32)
Cash flows from operating activities:			
Cash generated from operations	13c	2,793,659	1,936,078
Tax paid		--	--
Net cash generated from operating activities		2,793,659	1,936,078
Cash flow from investing activities:			
Purchase of tangible and intangible assets		(242,039)	(605,289)
Amounts deposited in shareholders escrow account		--	(31,618)
Recovery on loans to related parties		--	71,116
Disbursements of loans to related parties		--	(2,830)
Financial assets at FV through PL		(210)	--
Acquisition of short term investments		(150,204)	--
Financial assets at amortised cost		(133,861)	--
Interest received		13,637	1,809
Net cash used in investing activities		(512,677)	(566,812)
Cash flows from financing activities:			
Proceeds from long-term borrowings		7,917,699	--
Repayment of long-term borrowings		(6,989,979)	(391,281)
Proceeds from short-term loans		1,471,563	7,628,894
Repayment of short-term loans		(2,064,964)	(8,031,174)
Proceeds from share-holder loan (GORTT)		1,200,000	--
Repayment of share-holder loan (GORTT)		(1,200,000)	--
Loan issue cost		(224,325)	--
Interest paid		(936,403)	(929,626)
Changes in cash in escrow		(5,367)	--
Net cash used in financing activities		(831,776)	(1,723,187)
Currency translation differences relating to cash and cash equivalents		(55,432)	(7,350)
Increase in cash and cash equivalents		1,393,774	(361,271)
Cash and cash equivalents at start of year		490,951	852,222
Cash and cash equivalents at end of year	13	1,884,725	490,951
Represented by:			
Cash and cash equivalents	13	1,884,725	490,951

See note 14 for restricted cash.

The notes on pages 23 to 172 are an integral part of these financial statements.

1 Incorporation and principal activity

Trinidad Petroleum Holdings Limited ("TPHL" or the "Company") was incorporated in the Republic of Trinidad and Tobago on 5 October 2018. The sole shareholder is the Government of the Republic of Trinidad and Tobago ("GORTT"). The registered office is 9 Queen's Park West, Port of Spain Trinidad and Tobago, West Indies.

The consolidated financial statements of TPHL as at and for the year ended 30 September 2019 comprise TPHL and its subsidiaries and its interest in jointly controlled entities and associates (Note 7).

During the current period there was a capital reorganisation as described below and in Notes 30a (i), 30 a (ii) and 31.

On 1 December 2018, pursuant to the Miscellaneous Provisions (Heritage Petroleum, Paria Fuel Trading and Guaracara Refining Vesting) Act, 2018 (the "Vesting Act") Petroleum Company of Trinidad and Tobago Company Limited (PETROTRIN), was reorganised and its assets in relation to Exploration and Production (E&P) operations and Refining and Marketing (R&M) operations were vested into three new TPHL subsidiaries. TPHL is an investment holding company solely owned by the Corporation Sole, and is the parent company of three newly formed subsidiaries, Heritage Petroleum Company Limited ("Heritage"), Paria Fuel Trading Company Limited ("Paria"), The Guaracara Refining Company Limited ("Guaracara"), and the existing PETROTRIN ('The Group').

As part of the reorganisation, the former shareholders of PETROTRIN, by "Deed of Surrender" dated 29 November 2018, surrendered all their respective shareholding in PETROTRIN'S issued share capital. On 30 November 2018, one share was issued by PETROTRIN to TPHL, making TPHL the sole shareholder of PETROTRIN. TPHL has prepared consolidated financial statements as follows:

- Eliminating TPHL's investment on each subsidiary against the share capital of each subsidiary. The investment and share capital amounts were for nominal amounts, $1.00 each.
- Elimination of inter-company transactions and balances on the consolidated statement of financial position and consolidated statement of profit and loss and other comprehensive income.
- Recording the financial performance (statement of comprehensive and other comprehensive income) of Heritage, Paria and Guaracara for the ten months ended 30 September 2019. Recording the financial performance (statement of comprehensive and other comprehensive income) for PETROTRIN for the year ended 30 September 2019. The cumulative results from TPHL's retained earnings/accumulated deficit.
- Consolidating the statements of financial position (balance sheets) of all subsidiaries.

The Group is primarily engaged in petroleum operations which include the exploration, development and production of hydrocarbons, importation and sale of petroleum products and the Group owns a refinery which ceased operations on 30 November 2018. Prior to TPHL's formation, the Group's substantive activities were conducted under PETROTRIN, which was wholly owned by GORTT. PETROTRIN was formed in 1993. On 28 August 2018, PETROTRIN'S Board of Directors and the shareholders announced the following:

- Termination of all PETROTRIN employees on 30 November 2018.
- Cessation of refinery operations by PETROTRIN on 30 November 2018.
- Cessation of exploration and production (E&P) activities by PETROTRIN on 30 November 2018.
- Conduct of E&P activities under a new legal entity owned by the state from 1 December 2018.
- Conduct of terminalling operations under a new legal entity owned by the state from 1 December 2018.
- Pursue opportunities for the sale of refinery assets, with the assets being held by a new entity owned by the state.
- Pursue opportunities for the orderly divestment all the remaining assets of PETROTRIN.

1 Incorporation and principal activity (continued)

Heritage Petroleum Company Limited, Paria Fuel Trading Company Limited and The Guaracara Refining Company Limited were incorporated on 5 October 2018 and for each entity, one (1) share was issued to TPHL making TPHL each entity’s sole shareholder and parent company.

By virtue of the Miscellaneous Provisions (Heritage Petroleum, Paria Fuel Trading, Guaracara Refining Vesting) Act, 2018 (“Vesting Act”); effective 1 December 2018, 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. The associated decommissioning and dismantlement obligations in respect of E&P, terminalling and refining operations were also transferred hereunder.

The Group’s main stakeholders are the Government of the Republic of Trinidad and Tobago, the Ministry of Finance, the Ministry of Energy and Energy Industries and its employees.
The following subsidiaries are controlled by TPHL and have been consolidated:

Name of company	**Country of incorporation**	**Proportion of issued equity capital held**
Petroleum Company of Trinidad and Tobago Limited (“PETROTRIN”)	Trinidad and Tobago	100%

PETROTRIN is principally engaged in the divestment of assets that did not form part of the “Vesting Act” and settlement of obligations arising prior to the restructuring.

Heritage Petroleum Company Limited	Trinidad and Tobago	100%

Heritage’s principal business activity is the exploration, development, production and marketing of crude oil.

Paria Fuel Trading Company Limited	Trinidad and Tobago	100%

Paria’s principal business activities includes importing and marketing of regionally and internationally refined products (fuel and other refined products), petroleum product trading and receiving and terminalling operations.

The Guaracara Refining Company Limited	Trinidad and Tobago	100%

Guaracara’s principal business activities include the preservation of the former PETROTRIN refinery assets with the intention to lease or sell and the supply of utilities to the refinery and the surrounding compounds.

1 Incorporation and principal activity (continued)

The following subsidiaries are controlled by PETROTRIN and have been consolidated:

Name of company	**Country of incorporation**	**Proportion of issued equity capital held**
PETROTRIN EAP Services Limited ("PEAPSL")	Trinidad and Tobago	100%

PEAPSL provides counselling services for employees and third parties.

World GTL Trinidad Limited ("WGTL TL")	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. This entity is dormant.

Trinmar Limited ("TRINMAR")	Trinidad and Tobago	100%

TRINMAR operated certain concessions in accordance with a Marine Operating Agreement dated August 1, 1960. This entity is dormant.

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. This entity is dormant.

The following subsidiaries are controlled by Heritage and have been consolidated:

Name of company	**Country of incorporation**	**Proportion of issued equity capital held**
Trinidad and Tobago Marine Petroleum Company Limited ("TRINTOMAR")	Trinidad and Tobago	80%

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 ("TNA")	United Kingdom	100%

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. This entity is dormant.

(a) *Investment in Associate*

The Company's associate as at 30 September 2019, consists of Point Fortin LNG Exports Limited (PFLE). (Refer to Note 7 (d)).

2 Transactions with related parties

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

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

The most significant transactions relate to:

- Purchase of natural gas from The National Gas Company of Trinidad and Tobago Limited.
- Product sales to Trinidad & Tobago National Petroleum Marketing Company Limited (NPMC).
- The exploration for and production of crude oil and natural gas through jointly controlled entities.

These transactions are as follows:

2.1 *Key management personnel compensation*

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

	2019 **$**	**2018** **$**
Short-term employee benefits	17,972	8,204
Long-term employee benefits (Note 17c)	96	526
	18,068	8,730

	2019 **$**	**2018** **$**
Director fees	2,015	1,360

2 Transactions with related parties (continued)

2.2 *Sale and purchases of goods and services*

	2019 **$**	**2018** **$**
Purchases of services from The Government of the Republic of Trinidad and Tobago		
- Taxes and royalties	912,675	676,479
- Taxes other than income taxes *	44,523	271,924
* Green Fund Levy and Value Added Tax		
Purchases of various goods from entities under common control The Government of the Republic of Trinidad and Tobago		
- Trinidad and Tobago National Petroleum Marketing Company Limited (NPMC)	7,402	12,532
- The National Gas Company of Trinidad and Tobago	103,098	453,192
Sales of various goods to entities under common control with The Government of the Republic of Trinidad and Tobago		
- Trinidad and Tobago National Petroleum Marketing Company Limited	3,850,705	4,458,445
- The National Gas Company of Trinidad and Tobago	46,971	--
Sales of various services to entities under common control with The Government of the Republic of Trinidad and Tobago		
- Trinidad and Tobago National Petroleum Marketing Company Limited	2,753	40,864
	4,968,127	5,913,436

2 Transactions with related parties (continued)

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

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

(a) *Due from related parties*

	2019 **$**	**2018** **$**
The Government of the Republic of Trinidad and Tobago		
- Subsidy receivable**	267,151	1,820,625
- Value added tax refundable	48,435	1,607
Heritage Petroleum Company Limited	--	--
Paria Fuel Trading Company Limited	--	--
Joint ventures	--	174,779
Other receivables	--	31,445
Entities under common control with The Government of the Republic of Trinidad and Tobago		
- Trinidad and Tobago National Petroleum Marketing Company Limited	444,883	270,257
- The National Gas Company of Trinidad and Tobago	6,213	--
	766,682	2,298,713
The Government of the Republic of Trinidad and Tobago		
- Income taxes recoverable (Note 8e)	773,612	530,683
	1,540,294	2,829,396

** Subsidy payments are received by the Group after remittance by The Government of Republic of Trinidad and Tobago to Trinidad and Tobago National Petroleum Marketing Company Limited and United Independent Petroleum Marketing Company Limited (Note 4 (a) (iii)).

2 Transactions with related parties (continued)

2.3 *Outstanding balances arising from sales/purchases of goods and services* (continued)

(b) *Due to related parties*

	2019 $	2018 $
The Government of the Republic of Trinidad and Tobago		
- Royalties	1,448,912	992,575
- Taxes other than income taxes ***	2,035,236	1,646,999
Entities under common control with The Government of the Republic of Trinidad and Tobago		
- Trinidad and Tobago National Petroleum Marketing Company Limited	1,247	1,074
- The National Gas Company of Trinidad and Tobago	97,763	105,480
Jointly controlled entities	--	108,132
	3,583,158	2,854,260
The Government of the Republic of Trinidad and Tobago		
– Taxes (Note 8f)	7,027,419	3,916,020
	10,610,577	6,770,280

*** Supplemental Petroleum Tax, Green Fund Levy, Penalties and Interest (See also Note 8c for further information on Interest not recognized on certain amounts due to The Government of the Republic of Trinidad and Tobago).

The above balances are unsecured, interest fee (except for taxes that attract interest for late payment) and repayable on demand. (See also Note 8c for further information on Interest not recognized on certain amounts due to the GORTT).

2.4 *Principles of consolidation and equity accounting*

Investments – Subsidiaries and Interest in equity—accounted investees

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 (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

2 Transactions with related parties (continued)

2.4 *Principles of consolidation and equity accounting*

(a) *Subsidiaries*

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies
adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in respectively

(b) *Interests in equity—accounted investees*

The Group's interests in equity—accounted investees comprise interests in associates and interest in jointly controlled entities. (Note 7).

(c) *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. 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 (see (e) below), after initially being recognised at cost.

(d) *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. TPHL has both joint operations and joint ventures.

Joint operations

TPHL 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. Details of the joint operation are set out in Note 7.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (e) below), after initially being recognised at cost in the balance sheet.

2 Transactions with related parties (continued)

2.4 *Principles of consolidation and equity accounting (continued)*

(e) *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 is shown in the line "Share of profit of associates accounted for using the equity method net of tax" in the consolidated statement of comprehensive income. Dividends received or receivable from associates and jointly controlled entities 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 jointly controlled entities 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.

The carrying amount of equity—accounted investments is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use.

(f) *Accounting policy choice for non-controlling interests*

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

(g) *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of TPHL.

2 Transactions with related parties (continued)

2.4 *Principles of consolidation and equity accounting (continued)*

(g) *Changes in ownership interests (continued)*

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entities or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entities or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.5 *Business combinations*

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

2 Transactions with related parties (continued)

2.5 *Business combinations* (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

3 Critical estimates, assumptions and judgements.

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

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

(a) *Significant estimates and judgements*

The areas involving significant estimates or judgements are:

- Estimation of income taxes (including deferred taxes) – Note 8
- Estimation of the assessment of impairment of tangible and intangible assets – Note 5
- Estimation of oil and gas reserves – Note 5
- Estimation of the life of lease licenses – Note 5
- Estimation of decommissioning and environmental obligation – Note 5
- Estimation of forward-looking assumptions under IFRS 9 – Note – 4
- Estimation of post-retirement obligation: medical and pensions – Note 17
- Estimation of the fair value of tangible and intangible assets – Note 29
- Capital restructuring of PETROTRIN to TPHL – Note 30

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The Group did not use any estimates in the adoption of IFRS 15 as no assumptions are used to determine the revenue recognition.

4 Financial risk management

The Group has exposure to the following risks:

a. *Credit risk*
  (i) Risk management
  (ii) Credit quality
  (iii) Exposure to credit risk
  (iv) Security
b. *Liquidity risk*
c. *Market risk*
  (i) Foreign exchange risk
  (ii) Price risk
  (iii) Interest rate
  (iv) Fair value risk
d. *Capital risk management*

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

a. *Credit risk*

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

(i) *Risk management*

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB' are accepted. Cash and deposits are held with several reputable financial institutions, in amounts varying between TT$4k and TT$600m and US$129k and US$103m.

The commercial management teams of the companies assess the credit quality of the customer, considering its financial position, credit agency information, industry information, risk tolerance levels and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management which would then be approved by their respective board of directors. The compliance with credit limits by trade customers is regularly monitored by line management.

The Group has some concentration of credit risk as the majority of receivables are from several large customers. However, this risk is minimised as the Group maintains formal contracts with each of these customers that stipulate invoicing and payments terms (see Note 4a ii and iii). The concentration risk of the Group is 78% of its receivables are from the top ten customers of its total portfolio.

4 Financial risk management (continued)

a. *Credit risk (continued)*

(ii) *Credit quality*

Cash at bank

Cash and short-term deposits are held with reputable institutions

	2019 $	2018 $
Cash at bank	1,884,725	490,951

Trade receivables

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates: All counterparties below do not have external credit ratings.

Group 1 - new customers (less than 6 months) – Fully performing.
Group 2 - existing customers (more than 6 months) with no defaults in the past. – Past due
Group 3 - existing customers (more than 6 months) with some defaults in the past.

4 Financial risk management (continued)

a. *Credit risk (continued)*

(iii) *Exposure to credit risk*

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

	Fully performing	**Past due**	**Impaired**	**Provision for impairment**	**Total**
30 September 2019	**$**	**$**	**$**	**$**	**$**
Financial assets at fair value through profit and loss	1,714	-	-	-	1,714
Cash in escrow	243,783	-	-	-	243,783
Short-term investments	150,204	-	-	-	150,204
Cash and cash equivalents	1,884,725	-	-	-	1,884,725
Receivables and prepayments (excluding prepayments)	356,680	226,079	311,309	(311,309)	582,759
Due from related parties	766,682	-	559,219	(559,219)	766,682
	3,403,788	226,079	870,528	(870,528)	3,629,867

Related party balances impaired for 2019 are as follows:

	Provision for doubtful debts	**Bad debt expense**
	$	**$**
- GORTT - Subsidy receivable	(300,760)	-
- World GTL	(85,746)	-
- Trinidad and Tobago National Petroleum Marketing Company Limited	(74,940)	5,234
- The National Gas Company of Trinidad and Tobago	(97,635)	9,525
- Other GORTT receivables	(80)	-
- Lake Asphalt	(58)	-
	(559,219)	14,759

These loans were unsecured, no guarantees and settlements were cash or set offs

4 Financial risk management (continued)

a. *Credit risk (continued)*

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

	Fully performing	Past due	Impaired	Provision for impairment	Total
30 September 2018	**$**	**$**	**$**	**$**	**$**
Available for sale financial instruments	2,930	-	-	-	2,930
Cash in escrow	238,612	-	-	-	238,612
Cash and cash equivalents	490,951	-	-	-	490,951
Receivables and prepayments (excluding prepayments)	53,730	583,898	181,658	(181,658)	637,628
Due from related parties	1,503,340	795,373	544,460	(544,460)	2,298,713
	2,286,633	1,379,271	726,118	(726,118)	3,665,904

Related party balances impaired for 2018 are as follows:

	Provision for doubtful debts $	Bad debt expense $
- GORTT - Subsidy receivable	(300,760)	78,490
- World GTL	(85,746)	-
- Trinidad and Tobago National Petroleum Marketing Company Limited	(69,706)	247,490
- The National Gas Company of Trinidad and Tobago	(88,110)	1,673
- Other GORTT receivables	(80)	-
- Lake Asphalt	(58)	-
	(544,460)	327,653

These loans were unsecured, no guarantees and settlements were cash or set offs

4 Financial risk management (continued)

a. *Credit risk (continued)*

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

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

The Group recognises provision for losses for assets subject to credit risk using the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was not significant.

The Group uses the following approaches in arriving at expected losses:

- The simplified approach (for trade receivables)
- The general approach (for all other financial assets)

The simplified approach

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for Trade Receivables. The simplified approach eliminates the need to calculate 12-month Estimated Credit Loss (ECL) and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, the Group first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on an internal risk rating system considering various qualitative and quantitative factors. All other non-specific trade receivables are then grouped based on shared credit risk characteristics and the days past due. Refer to Note 30a (iv) and 30s.

4 Financial risk management (continued)

a. *Credit risk (continued)*

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

The simplified approach (continued)

Receivable balances occur primarily from sales of local refined products, regional refined products, local bunkering, regional bunkering to customers and other (i.e. wharf dues, tug hire, barging fees, launch hire, filing, handling and rack fees and pipeline fees etc). The criteria that the Group uses to determine that there is objective evidence of an impairment loss includes:

- Local Refined products sold to NPMC and United Independent Petroleum Marketing Company Limited (UNIPET)
- UNIPET – default occurs on the 26th day of the subsequent month for unsubsidized amounts. Subsidies are expected to be remitted by NPMC and UNIPET to Paria within 1 year. Disbursement of subsidies is triggered by the remittance of funds from the Ministry of Finance (GORTT) to the respective parties, which is subsequently paid to Paria. Management believes that this sum will be settled regardless of the lapse in time by GORTT, as such the subsidy receivables are not included in the determination of the company's ECL.
- International crude oil sales go into default 5-10 working days if balance is unpaid. Payment of 90% to 95% of international crude oil sales are made day after issuance of provisional invoice with the remaining balance payable within 5-10 workings days. Default occurs for the remaining balance after the 5 – 10 workings days if unpaid.
- Local crude oil sales and natural gas sales goes into default 30 days from the invoice date if unpaid.
- Regional refined products – default occurs from the 11th day after invoicing.
- Local bunkering – default occurs from the 16th day from the Bill of Lading date per contract.
- Regional bunkering – default occurs on the 21st day from the Bill of Lading date.
- Other - Launch services etc. - default occurs after 30 days credit terms has elapsed.
- Other – Crude Handling – default will occur under the final agreement dated 8th January 2020, from the 13th day after invoicing which must be done on the 10th day after the last day of the month

The general approach

Under the general approach, the Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting year. To assess whether there is a significant increase in credit risk each company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset occurs in the following circumstances for all other financial assets, when the counterparty fails to make contractual payments within 90 days of when they fall due.

4 Financial risk management (continued)

a. *Credit risk (continued)*

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

Incorporation of forward-looking information

Historical loss rates for trade receivables are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified no indicators to have a significant impact and as such no forward-looking rate was applied.

Assets written off

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

Summary of ECL calculations

The simplified approach (trade receivables)

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

- Specific provisions
- General provisions using a standardised provision matrix

Specific provisions

	2019 **$**	**2018**
Gross carrying amount	2,356,353	3,804,568
Less provision	(870,528)	(726,118)
Total	1,485,825	3,078,450

General provisions using a standard provision matrix

4 Financial risk management (continued)

a. *Credit risk (continued)*

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

	2019 **$**	**2018** **$**
Opening loss allowance as at 1 October 2018 – calculated under IFRS 9	(726,118)	(306,684)
Prior year adjustment*	--	(86,319)
Write back of provision	--	50,515
Increase in loss allowance recognised in profit or loss during the period	(144,540)	(382,380)
Exchange difference	130	--
Unwinding of discount	--	(1,250)
Balance at end of period	(870,528)	(726,118)

*This related to a provision for bad and doubtful debts which was incorrectly treated at the gross carrying amount for receivables in the prior year.

b. *Liquidity risk*

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

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

The main method for the measurement and monitoring of liquidity is cashflow forecasting. The Group's treasury function coordinates relationships with banks and cash management.

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

4 Financial risk management (continued)

b. *Liquidity risk (continued)*

	< 1 year $	1 - 2 years $	2 - 5 years $	More than 5 years $	Contractual cash flows $	Carrying amount $
30 September 2019						
Borrowings	(816,907)	(1,682,845)	(4,060,684)	(5,651,250)	(12,211,686)	(8,472,774)
Trade and other payables (excluding statutory liabilities)	(2,360,971)	--	--	--	(2,360,971)	(2,360,971)
Due to related parties (excluding statutory liabilities)	(99,010)	--	--	--	(99,010)	(99,010)
Short term loans	(2,620,081)	--	--	--	(2,620,081)	(2,544,951)
Total	(5,896,969)	(1,682,845)	(4,060,684)	(5,651,250)	(17,291,748)	(13,477,706)

	< 1 year $	1 - 2 years $	2 - 5 years $	More than 5 years $	Contractual cash flows $	Carrying amount $
30 September 2018						
Borrowings	(6,414,920)	(489,507)	(905,719)	--	(7,810,146)	(7,424,608)
Trade and other payables (excluding statutory liabilities)	(5,103,068)	--	--	--	(5,103,068)	(5,103,068)
Due to related parties (excluding statutory liabilities)	(214,686)	--	--	--	(214,686)	(214,686)
Short term loans	(3,512,242)	--	--	--	(3,512,242)	(3,482,682)
Total	(15,244,916)	(489,507)	(905,719)	--	(16,640,142)	(16,225,044)

4 Financial risk management (continued)

c. *Market risk*

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

(i) *Foreign exchange risk*

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

The functional currency of the Group's cashflows is the United States dollar (USD) since the Group's major product, oil and refined products are priced internationally at USD.

Foreign currency transaction exposures mainly arise on the Group's sales or purchases in currencies other than USD.

Subsequent to the re-organisation on 30th November 2018, PETROTRIN's functional currency was assessed to be the Trinidad and Tobago dollar (TTD). The functional values were translated to TTD using the Central Bank of Trinidad and Tobago mid-point rate on 30 November 2018. All previously recorded translation differences were transferred from currency differences to accumulated deficit.

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

	As at 30 September	
	2019	**2018**
Period end	6.73275	6.75225
Average rate during the period	6.75632	6.75608

4 Financial risk management (continued)

c. *Market risk (continued)*

(i) *Foreign exchange risk*

Translational exposure in respect of non-functional currency monetary items

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

	As at 30 September 2019			
	TT$	**Other**	**US$**	**Total**
Assets				
Income taxes recoverable	773,612	--	--	773,612
Receivables (excluding prepayments)	114,909	--	467,850	582,759
Due from related parties	766,682	--	--	766,682
Cash in escrow	-	--	243,783	243,783
Short-term investments	297	--	149,907	150,204
Cash and cash equivalents	782,669	--	1,102,056	1,884,725
Financial assets	2,438,169	--	1,963,596	4,401,765
Liabilities				
Borrowings	-	--	(8,472,774)	(8,472,774)
Trade and other payables	(2,090,074)	(8,020)	(262,877)	(2,360,971)
Due to related parties	(2,296,288)	--	(1,286,870)	(3,583,158)
Current tax liabilities	(7,027,419)	--	--	(7,027,419)
Short term loans	-	--	(2,544,951)	(2,544,951)
Financial liabilities	(11,413,781)	(8,020)	(12,567,472)	(23,989,273)
Net currency exposure	(8,975,612)	(8,020)	(10,603,876)	(19,587,508)
Reasonably possible change in exchange rate	5%	5%	5%	5%
Effect on loss after tax	(448,781)	(401)	--	(449,182)

	As at 30 September 2018			
	TT$	**Other**	**US$**	**Total**
Assets				
Income taxes recoverable	530,683	--	--	530,683
Receivables (excluding prepayments)	637,628	--	--	637,628
Due from related parties	2,298,713	--	--	2,298,713
Cash in escrow	--	--	238,612	238,612
Cash and cash equivalents	183,758	--	307,193	490,951
Financial assets	3,650,782	--	545,805	4,196,587
Liabilities				
Borrowings	(30,556)	--	(7,394,052)	(7,424,608)
Trade and other payables	(226,137)	(14,872)	(4,862,059)	(5,103,068)
Due to related parties	(1,207,261)	--	(1,646,999)	(2,854,260)
Current tax liabilities	(3,916,020)	--	--	(3,916,020)
Short term loans	--	--	(3,482,682)	(3,482,682)
Financial liabilities	(5,379,974)	(14,872)	(17,385,792)	(22,780,638)
Net currency exposure	(1,729,192)	(14,872)	(16,839,987)	(18,584,051)
Reasonably possible change in exchange rate	5%	5%	5%	5%
Effect on loss after tax	(86,460)	(744)	--	(87,203)

4 Financial risk management (continued)

c. *Market risk (continued)*

(ii) *Price risk*

The Group is exposed to fluctuations in the prices of liquefied natural gas (LNG) sales and crude oil 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 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.

(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 2019 and 2018, while short-term loans had maturities of 180-730 days in 2019 (2018: 30-360 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 30 September

	2019 **$**	**2018** **$**
Fixed rate instruments		
Financial assets	1,714	2,930
Financial liabilities	(4,303,992)	(9,627,554)
	(4,302,278)	(9,624,624)
Variable rate instruments		
Financial assets	2,278,712	729,563
Financial liabilities	(6,713,733)	(1,279,736)
	(4,435,021)	(550,173)

4 Financial risk management (continued)

c. *Market risk (continued)*

(iii) *Interest rate risk* (continued)

The following table shows the sensitivity of Group results over the next year, all other variables constant, to a change in interest rates by +/- 1%:

	Effect on profit after tax Year ended 30 September 2019 $	 2018 $
Change in interest rate		
Increase by 1%	(44,350)	(5,502)
Decrease by 1%	44,350	5,502

(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.

Short term loans are due within twelve months therefore any fair value adjustment arising from discounting would be considered minimal. One short-term loan was refinanced on 20 September for two (2) years. The principal balance on this loan was therefore reclassified from short-term loans to borrowings in financial year ended 30 September 2019.

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 30 September		As at 30 September	
	2019 Carrying values $	2019 Fair values $	2018 Carrying values $	2018 Fair values $
Borrowings	(8,472,774)	(9,083,030)	(7,424,608)	(7,560,829)
Short-term loans	(2,544,951)	(2,544,951)	(3,482,682)	(3,482,682)
	(11,017,725)	(11,627,981)	(10,907,290)	(11,043,511)

4 Financial risk management (continued)

c. *Market risk* (continued)

(iv) Fair value risk (continued)

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 7.11% to 8.61% (2018: 7.42% to 8.42%). The discount rates used to derive the fair value of the Bonds represent the borrowing rates if TPHL were to access the market at year-end. This pricing is derived from Bloomberg's market information of price based on the yield to maturity (YTM) on the associated bond at year-end.

d. *Capital risk management*

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

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

Prior to the reorganization as described in Note 1, PETROTRIN's debt portfolio included two (2) Senior Unsecured Notes under 144A/Reg S series international bonds, namely, a US$750 million amortizing bond maturing on 8 May 2022 (2022 Notes) and a US$850 million bullet bond maturing on 14 August 2019h (2019 Notes). As part of the reorganization, Supplemental Indentures for the 2022 Notes and 2019 Notes were executed on 30 November 2018, transferring PETROTRIN's obligations under the original indentures from PETROTRIN to TPHL and making TPHL, Heritage, Paria and Guaracara guarantors to the 2022 and 2019 Notes. Treasury Management is thus based on the way financing is managed at the overall TPHL Group level.

4 Financial risk management (continued)

d. *Capital risk management*

The table below sets out an analysis of net debt and the movements in net debt for each of the periods presented:

Gearing	**2019** **$**	**2018** **$** **(Restated)**
Cash and cash equivalents	1,884,725	490,951
Borrowings - repayable within one year including overdraft	(2,684,571)	(10,907,290)
Borrowings - repayable after one year	(8,333,154)	--
Net debt	(9,133,000)	(10,416,339)
Net debt	9,133,000	10,416,339
Total equity	(15,932,545)	(12,566,859)
Total capital	(6,799,545)	(2,150,520)
Net debt to equity ratio	--%	--%

4 Financial risk management (continued)

d. *Capital risk management* (continued)

Liabilities from financing activities

	Cash and cash equivalents	**Borrowing due within 1 year**	**Borrowing due after 1 year**	**Total**
	$	**$**	**$**	**$**
Debt as at 1 October 2018	490,951	(10,907,290)	--	(10,416,339)
Cash flows	1,449,206	-	-	1,449,206
Foreign exchange adjustments	(55,432)	7,692	33,653	(14,087)
Proceeds from borrowings	-	(2,671,563)	(7,917,699)	(10,589,262)
Repayment of borrowings	-	9,003,824	1,251,119	10,254,943
Issue cost	-	-	182,539	182,539
Reclassification from long-term borrowings	-	(139,620)	139,620	-
Reclassification to long-term borrowings	--	2,022,386	(2,022,386)	--
Net debt as at 30th September 2019	1,884,725	(2,684,571)	(8,333,154)	(9,133,000)

Liabilities from financing activities

	Cash and cash equivalents	**Borrowing due within 1 year**	**Borrowing due after 1 year**	**Total**
	$	**$**	**$**	**$**
Debt as at 1 October 2017	852,222	(4,301,334)	(7,384,200)	(10,833,312)
Cash flows	(353,921)	402,280	391,281	439,640
Foreign exchange adjustments	(7,350)	(15,317)	--	(22,667)
Reclass of long-term borrowings	--	(6,992,919)	6,992,919	--
Net debt as at 30th September 2018	490,951	(10,907,290)	--	(10,416,339)

4 Financial risk management (continued)

e. *Financial Instruments by category*

	2019 $	2018 $
Loans and receivables		

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

	2019 $	2018 $
Trade receivables	447,442	591,630
Other receivables (excluding prepayments)	135,317	45,998
Due from related parties	766,682	2,298,713
Cash in escrow	243,783	238,612
Short-term investments	150,204	-
Cash at bank	1,884,725	490,951
	3,628,153	3,665,904
Financial assets at amortised cost	133,861	--
Financial assets at fair value through profit and loss	1,714	--
	3,763,728	3,665,904
Other financial liabilities		
Liabilities as per statement of financial position		
Borrowings	11,017,725	10,907,290
Trade payables	500,204	1,020,737
Other payables (excluding statutory liabilities)	1,860,767	4,082,331
Due to related parties (excluding statutory liabilities)	99,010	214,686
	13,477,706	16,225,044

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

5 Tangible and Intangible Assets

Tangible assets

	Exploration and evaluation $	Development $	Production* $	Refining and marketing $	Abandonment assets $	Other $	Total $
Costs							
Balance as at 1 October 2018	273	102,676	7,614,942	24,935,268	-	602,521	33,255,680
Additions	41,109	--	1,670	7,375	-	210	50,364
Decommissioning adjustment (Note 18)	--	--	--	--	-	-	--
Write back of negative assets	--	--	72,794	--	-	-	72,794
Disposal of asset	--	--	(4,359)	--	-	-	(4,359)
Assets held for sale (Note 14)	--	--	--	(2,984,254)	-	-	(2,984,254)
Exchange differences	(2,348)	(431)	(77,672)	(3,189)	-	6	(83,634)
Balance as at 30 September 2019	39,034	102,245	7,607,375	21,955,200	-	602,737	30,306,591
Accumulated depreciation, depletion, Amortisation and impairment losses							
Balance as at 1 October 2018	--	--	6,626,147	21,709,210	-	520,163	28,855,520
Depreciation, depletion & amortisation	--	--	106,542	48,933	-	4,445	159,920
Impairment	--	--	--	192,497	-	1,345	193,842
Disposal of asset	--	--	--	--	-	-	-
Exchange differences	--	--	2,461	4,560	-	-	7,021
Balance as at 30 September 2019	--	--	6,735,150	21,955,200	-	525,953	29,216,303
Carrying amounts							
As at 1 October 2018	273	102,676	988,795	3,226,058	-	82,358	4,400,160
As at 30 September 2019	39,034	102,245	872,225	--	-	76,784	1,090,288

* Included in Production is Assets Under Construction (AUC) of $14,857 and software cost of $48,691.

5 Tangible and Intangible Assets (continued)

Tangible assets (continued)

	Exploration and evaluation $	Development $	Production $	Refining and marketing $	Other $	Total $
Costs						
Balance as at 1 October 2017	5,785	102,285	7,272,797	24,758,083	851,892	32,990,842
Additions	(12)	33,164	21,378	292,762	18,081	365,373
Transfers*	(5,500)	(32,773)	314,632	(7,606)	(268,753)	-
Disposal of asset	-	-	(4,757)	-	-	(4,757)
AUC Expensed**	-	-	-	(77,034)	-	(77,034)
Exchange differences	-	-	10,892	(30,937)	1,301	(18,744)
Balance as at 30 September 2018	273	102,676	7,614,942	24,935,268	602,521	33,255,680
Accumulated depreciation, depletion, Amortisation and impairment losses						
Balance as at 1 October 2017	-	-	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	12,880,496	49,656	13,236,183
Disposal of asset	-	-	(4,476)	-	-	(4,476)
Transfers	-	-	123,315	(26,631)	(96,684)	-
Exchange differences	-	-	60,451	(165,226)	19,187	(85,588)
Balance as at 30 September 2018	-	-	6,626,147	21,709,210	520,163	28,855,520
Carrying amounts						
As at 1 October 2017	5,785	102,285	1,554,928	16,726,867	319,302	18,709,167
As at 30 September 2018	273	102,676	988,795	3,226,058	82,358	4,400,160

*Refers to transfers of E&P and R&M assets between different lines of operations
**An amount of $77,034 which was in AUC was expensed in the 2018 fiscal year as the future of these projects was uncertain.

5 Tangible and Intangible Assets (continued)

Intangible assets

	Exploration and evaluation $	Development $	Production $	Refining and marketing $	Other $	Total $
Costs						
Balance as at 1 October 2018	16,535	253,973	19,918,604	1,828,952	448,289	22,466,353
Additions	54,246	54,017	83,412	-	-	191,675
Assets held for sale (Note 14)	-	-	-	(502,027)	-	(502,027)
Decommissioning adjustment (Note 18)			(1,154,557)	(141,339)	-	(1,295,896)
Exchange differences	-	(913)	(37,608)	(4,118)	-	(42,639)
Balance as at 30 September 2019	70,781	307,077	18,809,851	1,181,468	448,289	20,817,466
Accumulated depreciation, depletion, Amortisation and impairment losses						
Balance as at 1 October 2018	-	-	13,688,074	1,152,200	448,289	15,288,563
Depreciation, depletion & amortisation	-	-	595,950	33,895	-	629,845
Impairment	-	-	82,894	-	-	82,894
Exchange differences	-	-	-	(4,627)	-	(4,627)
Balance as at 30 September 2019	-	-	14,366,918	1,181,468	448,289	15,996,675
Carrying amounts						
As at 1 October 2018	16,535	253,973	6,230,530	676,752	-	7,177,790
As at 30 September 2019	70,781	307,077	4,442,933	-	-	4,820,791

5 Tangible and Intangible Assets (continued)

Intangible assets (continued)

	Exploration and evaluation	Development	Production	Refining and marketing	Other	Total
	$	$	$	$	$	$
Costs						
Balance as at 1 October 2017	399,159	1,245,698	14,478,734	818,901	617,509	17,560,001
Additions	41,993	221,376	46,617	-	6,800	316,786
Transfers*	(424,617)	(1,213,101)	2,120,180	(268,659)	(213,803)	-
AUC Expensed**	-	-	164	-	-	164
Decommissioning adjustment (Note 18)			3,249,313	1,157,803	36,861	4,443,977
Exchange differences	-	-	23,596	120,907	922	145,425
Balance as at 30 September 2018	16,535	253,973	19,918,604	1,828,952	448,289	22,466,353
Accumulated depreciation, depletion, Amortisation and impairment losses						
Balance as at 1 October 2017	-	-	11,631,521	649,297	575,761	12,856,579
Depreciation, depletion & amortisation	-	-	430,008	-	9,502	439,510
Impairment	-	-	1,471,534	486,180	36,861	1,994,575
Write back of negative assets	-	-	(55,956)	-	-	(55,956)
Disposal of asset	-	-	-	-	-	-
Transfers	-	-	175,160	-	(175,160)	-
Exchange differences	-	-	35,807	16,723	1,325	53,855
Balance as at 30 September 2018	-	-	13,688,074	1,152,200	448,289	15,288,563
Carrying amounts						
As at 1 October 2017	399,159	1,245,698	2,847,213	169,604	41,748	4,703,422
As at 30 September 2018	16,535	253,973	6,230,530	676,752	-	7,177,790

5 Tangible and Intangible Assets (continued)

a. *Accounting policy*

Exploration and Production (E&P) assets represent the substantial majority of the Group's Tangible and intangible assets.

(i) *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 tangible and 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 tangible and 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. Total write-offs for 2019 was Nil (2018:Nil).

5 Tangible and Intangible Assets (continued)

a. *Accounting policy (continued)*

(i) *Oil and gas assets (continued)*

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Similarly, development projects are assessed if Management believes an impairment trigger has occurred which may occur prior to and during commercial production. Once commercial reserves are found, exploration and evaluation assets are transferred to development tangible and intangible assets as applicable. No depreciation and/or amortisation are charged during the exploration and evaluation phase.

The Group estimates of Crude and Gas prices are provided by a reliable external party, the Group has estimated that from 2020 to 2026 prices will range from US$38/bbl to US$61/bbl (2018 US$73/bbl, 2019 to 2025 prices average US$74/bbl).

The Group has estimated conservatively that E&P Crude trades at an average discount of $4/bbl in 2021 and $5/bbl for the remainder of the period. For the 10 months ended 30 September 2019, this discount averaged $2.977. Production growth rates are based on expected drilling and workover programmes. The discount rate used is based on capital structure split of the blend of cost of equity and cost of debt taking into consideration the cost of new debt, market premium on current operations and current risk-free rates for Government Bonds in the local environment. The discount rate used was 5.35%. These analyses incorporate inherent uncertainties about commodity prices, supply and demand for services, and future market conditions that are difficult to predict in volatile economic environments. If market conditions worsen, the fair value assumptions of estimated future cash flows could be materially altered, and the Group may be required to record additional asset impairments. Such a potential impairment charge could have a material adverse impact on our operating results.

The estimate recoverable amounts for the assets forming part of the Group's E&P Business at the statement of financial position date was approximately $7,917,373 (2018: $8,422,251). Changes to these assumptions, either positive or negative in isolation, would lead to a change in the estimated recoverable amounts as summarized in the table below.

	Low Sensitivity	Impact on recoverable amount over carrying value	High Sensitivity	Impact on recoverable amount over carrying value
		$		$
Discount rate	4.35%	947,607	6.35%	(821,611)
Operating Cost	-10%	494,063	+10%	(494,062)
Forecasted Sales Price	-10%/bbl	(3,739,814)	+10%/bbl	3,752,579

Exploration and evaluation assets – Impairment

See Note 5 (a) (v) for the accounting policy related to impairment.

5 Tangible and Intangible Assets (continued)

a. *Accounting policy* (continued)

(i) *Oil and gas assets* (continued)

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.

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.

5 Tangible and Intangible Assets (continued)

a. *Accounting policy* (continued)

(i) *Oil and gas assets (continued)*

Specific and general borrowing costs incurred for the construction of qualifying assets are capitalised during the year 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 year, other than specific borrowings.

This amount is capitalised during the construction year 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 year in which it is incurred.

There were no specific and general borrowing cost incurred for the construction of qualifying assets in 2019 (2018: $22,969) as there were no acquisition, construction or production of any qualifying asset. The capitalisation rate on general borrowings is Nil (2018:4.63%).

Development/Production tangible and intangible assets – Impairment

See Note 5 (a) (v) 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 several field interests may be grouped as a single cash generating unit where the cash flows of each field are inter-dependent.

5 Tangible and Intangible Assets (continued)

a. *Accounting policy* (continued)

(i) *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 associated facilities in accordance with the respective legislative provisions and license obligations. 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 consolidated statement of profit or loss 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 30 September 2019 (see Note 18).

5 Tangible and Intangible Assets (continued)

a. *Accounting policy* (continued)

(ii) *Refining and other non-oil and gas assets*

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:

Furniture and fixtures	20%	- diminishing balance
Domestic appliances	20%	- straight-line
Domestic appliances	20%	- diminishing balance
Buildings	5%	- diminishing balance
Computer equipment/software (specialised)	10%	- straight-line
Computer equipment/software (non-specialised)	33.3%	- straight-line

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 5 (a)(i) for the accounting policy related to borrowing costs.

(iii) *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, in the amount of $934,971 as a result of the decision to exit the refinery business on 30 November 2018. In previous fiscal years, major overhaul cost was amortised over a year of 3-5 years on a straight-line basis.

5 Tangible and Intangible Assets (continued)

a. *Accounting policy* (continued)

(iv) *Software*

Acquired computer software licences are capitalised based on 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 year.

5 Tangible and Intangible Assets (continued)

a. *Accounting policy* (continued)

(v) *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.

5 Tangible and Intangible Assets (continued)

a. Accounting policy (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.

b. *Assets pledged as security*

There is no tangible and intangible assets pledged as security by the Group except as identified in Note 28.

c. *Capital commitments*

	2019 **$**	**2018** **$**
Authorised and contracted for and not provided for in the financial statements	91,816	598,025

5 Tangible and Intangible Assets (continued)

a. Accounting policy (continued)

d. Depreciation, depletion and amortization

Depreciation charge of $747,733 (2018: $1,867,236) has been charged in cost of sales, while 'nil' (2018: $34,875) was charged to marketing expenses and $4,449 (2018: $15,414) has been charged in other operating expense.

Amortisation charge of 'nil' ($2018: $430,008) has been charged in cost of sales, while nil (2018: $9,502) was charged to other operating expenses.

An impairment loss of $84,032 ($2018: $2,686,914) has been charged in impairment expense and discontinued operations.

Costs not subject to depreciation and depletion totalled $924,551 (2018: $4,506,631). These are capital work in progress in the Exploration and Evaluation and Development costs.

e. *Oil and gas reserve estimate*

The oil and gas reserves are assessed by Management and compiled and estimated 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.

5 Tangible and Intangible Assets (continued)

a. Accounting policy (continued)

e. *Oil and gas reserve estimate (continued)*

Estimation of reserves were prepared by use of appropriate geological, petroleum engineering and evaluation principles and techniques that are in accordance with practices generally recognized by the Petroleum Industry and in accordance with the definition established in the SPE PRMS (Society of Petroleum Engineers Petroleum Resource Management System) guidelines.

The range of possible outcomes cannot be quantified at this time because of the uncertainty and changes in well performance, costs and oil and gas prices and current inhouse resourcing to execute said evaluations.

As this is Heritage's first year's evaluation, only a comparison with PETROTRIN's last reserves estimation can be performed. There have been no significant changes with this year's estimation with that of PETROTRIN's evaluation.

f. *Lease licenses*

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.

The fields below were held by PETROTRIN up to the prior year end and were vested to Heritage effective 1 December 2018 in accordance with the Miscellaneous Provisions (Heritage Petroleum, Paria Fuel Trading and Guaracara Refining) Vesting Act 2018.

Field Name	**Terms of Agreement**
Trinidad Northern Areas – Trinmar	Extended year of six (6) years effective 31 December 2012
Trinidad Northern Areas – North Marine	Extended year of six (6) years effective 31 December 2012
Balata East Shallow Horizon	Effective year from 2006 for twenty-five (25) years
Guapo-Oropouche-Brighton Horizon (Area D)	Effective year from 2007 for twenty-five (25) years
Cruise Horizon (Area A)	Effective year from 2007 for twenty-five (25) years
Mayaro/Guayaguayare Horizon	Effective year from 2007 for twenty-five (25) years
Herrera Horizon (Area C)	Effective year from 2007 for twenty-five (25) years

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

The Group continues to operate under holding over arrangements for the TNA Licences (Trinmar and North Marine) which have received Government of the Republic of Trinidad and Tobago approval for renewal. It is expected that both Licences will be executed in early 2021.

5 Tangible and Intangible Assets (continued)

a. *Accounting policy* (continued)

f. *Lease licenses* (continued)

On 18 February 2021, a new exploration and production license was issued in the offshore acreage covering 97,000 hectares. This new license combines the entire acreage of both the previous Trinmar Licensed Area and the North Marine Licensed Area. The license is for a six (6) year period.

g. Other exploration and evaluation assets and liabilities

In addition to the exploration and evaluation assets disclosed above, the Group also has the following assets and liabilities relating to exploration:

	2019 **$**	**2018** **$**
Receivables from joint venture partners	105,563	--
Payables to subcontractors and operators *	(26,578)	(37,073)
	78,985	(37,073)

These refer to expenses taken up by Group for its share of cost based on statements received from the respective operators. The operator is normally the majority partner that manages the field on behalf of all the parties.

6. Financial assets at fair value through profit and loss

a. *Financial assets at fair value*

	As at 30 September 2019 $	 2018 $
Colonial Life Insurance Company Limited	1,302	1,590
Government of Republic of Trinidad and Tobago Bond*	210	-
La Brea Industrial Development Company Ltd (LABIDCO)	--	1,138
Metal Industries Company Limited	202	202
	1,714	2,930

* TT $2.5B 5.2% fixed rate Government of Trinidad and Tobago bond due 27 September 2027.

There were no disposals during the year and an impairment loss of $1,138 was recorded in the year ended 30 September 2019 against the carrying value of LABIDCO (2018: $22,725).

b. *Available for sale financial instruments – reclassification of prior year amounts*

These financial instruments were reclassified from available for sale financial instruments to financial assets at fair value through profit or loss. They do not meet the IFRS 9 criteria for classification at amortised cost because their cash flows do not represent solely payments of principal and interest on the principal amounts outstanding.

On the date of initial application, 1 October 2018, the financial instruments of the Group were as follows, with any reclassifications noted:

	Measurement Category		Carrying amount		
Non-Current Assets	**Original (IAS 39)**	**New (IFRS 9)**	**Original (IAS 39)**	**New (IFRS 9)**	**Difference**
Colonial Life Insurance Company Limited	Available for sale	FVTPL	1,590	1,590	-
La Brea Industrial Development Company Limited (LABIDCO) Bond	Available for sale	FVTPL	1,138	1,138	-
Metal Industries Company Limited	Available for sale	FVTPL	202	202	-

6. **Financial assets at fair value through profit and loss** (continued)

c. *Accounting policy*

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.

Available for sale financial instruments are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, available for sale financial instruments are measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss based on the business model for managing financial assets and the contractual cash flow characteristics of the financial asset. If the asset is held to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, then the financial asset is measured at amortised cost.

If the financial asset is held to collect contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding then the financial assets is measured at fair value through other comprehensive income.

Any financial assets not measured at either amortised cost or through other comprehensive income are recorded at the fair value through profit or loss. Financial assets at fair value through profit or loss are aimed in particular at generating cash flows by selling financial instruments. Realised and unrealized gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income.

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 a 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 recognized in profit or loss – was removed from equity and recognized in profit or loss.

Impairment losses on equity instruments that were recognized in profit or loss were not reversed through profit or loss in a subsequent year.

.

7 Interest in other entities

a. *Subsidiaries*

The Group's principal subsidiaries as at 30 September 2019 are set out below. Unless otherwise stated they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	**Place of business/country of incorporation**	**Ownership interest held by the Company**		**Principal activities**
		2019 **%**	**2018** **%**	
Trinmar Limited (Trinmar)	Trinidad and Tobago	100%	100%	Trinmar operated certain concessions in accordance with a Marine Operating Agreement dated August 1, 1960. This company is now dormant.
PETROTRIN EAP Services Limited (PEAPSL)	Trinidad and Tobago	100%	100%	PEAPSL provides counselling services for employees and third parties.
PETROTRIN Panama Inc	Panama	100%	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.
Trinidad Northern Areas (TNA)	United Kingdom	100%	100%	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 for certain geological areas within the jurisdiction of Trinidad and Tobago.

7 Interest in other entities (continued)

a. *Subsidiaries* (continued)

Name of entity	**Place of business/country of incorporation**	**Ownership interest held by the Company**		**Principal activities**
		2019 **%**	**2018** **%**	
World GTL Trinidad Limited (WGTL-TL)	Trinidad and Tobago	100%	100%	WGTL TL was formed to undertake the construction, completion, ownership and operation of a gas to liquids plant to be located at PETROTRIN's Pointe-a-Pierre refinery complex. The said plant is still in the construction phase. At inception in 2006, WGTL TL was a jointly controlled entity between World GTL St Lucia Limited and PETROTRIN, with common stock shareholding of 51% and 49% respectively. Pursuant to the Guarantee Contribution Agreement of 12 January 2007, relating to the funding requirements for the Gas-to-Liquid project (the "GTL Project"), PETROTRIN financed cost overruns which were to be borne by World GTL Inc., the ultimate parent company of WGTL St. Lucia. Due to significant increases in capital construction costs and the inability to meet project completion dates for the Gas-to-Liquids plant being constructed by WGTL-TL, PETROTRIN in its capacity as lender placed this jointly controlled entity in receivership on 25 September 2009. The asset was fully impaired in the year ended 30 September 2009. No additional impairment losses or reversals of previous impairment losses were recorded in the years ended 30 September 2010 to 30 September 2019.

7 Interest in other entities (continued)

a. Subsidiaries (continued)

Name of entity	Place of business/country of incorporation	Ownership interest held by the Company		Principal activities
		2019 **%**	**2018** **%**	
World GTL Trinidad Limited (WGTL-TL)	Trinidad and Tobago	100%	100%	On 01 February 2011, the Receiver published a notice advertising the sale of an unfinished Gas-to-Liquids plant and other assets of WGTL-TL On 24 February 2010, PETROTRIN commenced arbitration against the WGTL-TL Parties in the International Court of Arbitration of the International Chamber of Commerce (the “ICC”) seeking the transfer of the common stock shares of WGTL-TL to PETROTRIN as required by the Guarantee Contribution Agreement. On 07 April 2015 the Parties entered into a Settlement Agreement and on 08 April 2015 they requested that the Court (Southern District of New York) order entry of Consent Judgments confirming Final Arbitration Awards. As a result, WGTL TL is now a wholly owned subsidiary of PETROTRIN.

7 Interest in other entities (continued)

a. Subsidiaries (continued)

Name of entity	**Place of business/country of incorporation**	**Ownership interest held by the Company**		**Principal activities**
		2019 %	**2018 %**	
World GTL Trinidad Limited (WGTL-TL)	Trinidad and Tobago	100%	100%	As at 30 September 2018, NiQuan Energy Trinidad Limited has consummated and concluded the sale and purchase agreement with World GTL Trinidad Limited (in receivership), under which it has acquired the tangible and intangible assets 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 for the years ended 30 September 2018 and 30 September 2019. These preference shares do not have any rights associated with them except for the ability to convert into an unsecured receivable should NiQuan not meet repayment terms as per signed agreement. Refer 34(n)

7 Interest in other entities (continued)

a. Subsidiaries (continued)

Name of entity	Place of business/country of incorporation	Ownership interest held by the Company		Ownership interest held by non controlling interest		Principal activities
		2019 %	2018 %	2019 %	2018 %	
Trinidad and Tobago Marine Petroleum Company Limited (Trintomar)	Trinidad and Tobago	80%	80%	20%	20%	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.

7 Interests in other entities (continued)

b. *Non-controlling interests (NCI)*

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-Group eliminations. By virtue of the Miscellaneous Provisions Act, 2018 ("Vesting Act"), effective 1 December 2018, Trintomar was vested to Heritage Petroleum Company Limited.

Summarised statement of financial position	**Trintomar**	
	30 September	
	2019	**2018**
	$	**$**
Current assets	39,150	41,362
Current liabilities	(527)	(1,644)
Current net assets	38,623	39,718
Non-current assets	1,423	7,639
Non-current liabilities	(342,880)	(341,272)
Non-current net liability	(341,457)	(333,633)
Net assets/(liability)	(302,834)	(293,915)
Accumulated NCI	(60,567)	(58,783)

Summarised statement of	**Trintomar**	
	30 September	
	2019	**2018**
	$	**$**
Revenue	--	2,640
Loss for the year	(8,920)	(1,578)
Other comprehensive income	(8,920)	(1,578)
Total comprehensive income	(8,920)	(1,578)
Loss allocated to NCI	(1,784)	(316)

Summarised statement of	**Trintomar**	
	30 September	
	2019	**2018**
	$	**$**
Cashflows from operating activities	(5,742)	(740)
Cashflows from investing activities	--	(7,224)
Cashflows from financing activities	(3)	--
Net increase/(decrease) in cash and cash equivalents	(5,745)	(7,964)

7 Interests in other entities (continued)

c. *Interest in joint operations*

The Group has a shared control in the following jointly controlled entities which are all based in Trinidad and Tobago. By virtue of the Vesting Act, effective 1 December 2018, these were vested from PETROTRIN to Heritage Petroleum Company Limited.

	As at 30 September	
	2019	**2018**
	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/Bonasse	27.50%	27.50%
Parrylands ‘E’ Block	25.00%	25.00%
Teak, Samaan, Poui (TSP)	15.00%	15.00%
NCMA Block 22 - Offshore	10.00%	10.00%
Block 3A	20.13%	20.13%
Galeota	35.00%	35.00%
NCMA Block 4 - Offshore	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%

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:

The Group entered into a sale and Purchase Agreement for 100% of its interest in Block 3A with NGC Caribbean Investments Limited. The transaction was completed on 31 December 2020, (see Note 34).

At the date of the issue of these consolidated financial statements, the Group is engaged in discussions with external parties for the potential sale of NCMA Block 9, NCMA Block 22, NCMA Block 4 and the Group’s interest PFLE. The plain sale for these blocks and the Group’s interest in PFLE was not concluded at the date of financializaton of these financial statements (see Note 34).

South West Peninsula/Bonasse and Parrylands ‘E’ Block was converted to overriding royalties in 2019.

7 Interests in other entities (continued)

c. *Interest in joint operations (continued)*

	NCMA Block 9 – Offshore	**Teak, Samaan, Poui (TSP)**	**Central Block**	**South East Coast Consortium**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
As at 30 September 2019						
Assets:						
Tangible and intangible assets	4,127	25,603	6,504	3,233	63,315	102,782
Current assets	26,326	37,160	11,439	68,207	1,813	144,945
Liabilities:						
Current liabilities	13,047	7,476	17,722	14,259	9,163	61,667
Commitments	1,805	6,270	197	2,537	-	10,809
Year ended 30 September 2019						
Revenue	317,601	242,103	89,363	101,677	9,869	760,613
Cost of sales	(16,392)	-	(22,146)	(50,196)	(215,005)	(303,739)
Income tax expenses	(46,484)	(101,192)	7,462	(66,078)	289	(206,003)

7 Interests in other entities (continued)

c. *Interest in joint operations* (continued)

	NCMA Block 9 – Offshore	Teak, Samaan, Poui (TSP)	Central Block	South East Coast Consortium	Other	Total
	$	$	$	$	$	$
As at 30 September 2018						
Assets:						
Tangible and intangible assets	-	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 30 September 2018						
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 expenses	(2,964)	(2,382)	(1,352)	(4,233)	(992)	(11,923)

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

7 Interests in other entities (continued)

d. *Interest in Associate*

The Group has a 19.5% interest in Point Fortin LNG Exports Limited (PFLE) by virtue of the Miscellaneous Provisions Bill 2018 (See Note 1). PFLE's main trading activity is the marketing of liquefied natural gas (LNG) on which an operating margin is earned on the sale of each LNG cargo (see Note 2.4e).

	2019 **$**	**2018** **$**
Interest in associate	1,414	439

The following table analyses, in aggregate, the carrying amount and share of profit and OCI of PFLE:

	2019 **$**	**2018** **$**
Carrying amount of interest in associates	439	439
Share of profit from continuing operations	977	-
Other differences	(2)	-
	1,414	439

8 Income tax expense

a. *Income tax expense*

	2019 **$**	**2018** **$** **(Restated)**
Current tax	(155)	(4)
Deferred income tax	--	(1,208,564)
Prior year tax adjustments (FY 1994 – FY 2010)	136,433	--
Petroleum profits tax / unemployment levy	(2,824,213)	(318,627)
	(2,687,935)	(1,527,195)

8 Income tax expense (continued)

a. *Income tax expense (continued)*

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

	2019 $	2018 $
Loss before tax	429,769	(7,593,816)
Tax calculated at statutory rate (30% /55%)	128,931	4,176,599
Expenses not deductible for tax purposes*	2,670,181	12,765
Utilisation of losses	483,412	443,430
Timing differences not recognised as deferred income tax assets	(4,322,829)	(6,107,117)
Non-taxable income	(6,228)	--
Differences due to translation	81,115	(12,556)
Difference in scaled tax rate	(1,796,940)	(40,312)
Prior year tax adjustments**	74,418	--
Other	5	(4)
	(2,687,935)	**(1,527,195)**

* This relates to a provision for loan receivable transferred from PETROTRIN, amortization of capitalize borrowing cost and associated loan expenses which were not wholly and exclusive in the generation of income.

** The response from the Board of Inland Revenue to the objections raised on the assessment of prior years' tax returns indicated a reduction in PETROTRIN'S tax liability. Taxes were paid by PETROTRIN for these years and, as such, this reduction has been treated as taxes recoverable from Board of Inland Revenue.

Based on agreement with the Ministry of Finance, opening losses could not be collated with other fields to offset the balancing charge.

8 Income tax expense (continued)

a. *Income tax expense (continued)*

A request was made to the Honourable Minister of Finance, Ministry of Finance for a concession to allow PETROTRIN to consolidate the accumulated tax losses of its Exploration and Production and Refining businesses with a view to mitigating the tax liability which arose due to the tax gain which resulted from the transfer of assets from PETROTRIN to the new entities. At the time of the finalization of the financial statements, the concession was not granted, and the consolidated financial statements were prepared on the basis that the concession will not be granted.

Should the request for consolidation of tax losses be granted, the tax expense will be reduced from $2,824,213 to $329,991 (relates to unemployment levy which is calculated before losses are set off).

b. *Accounting policy*

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

The Group recognizes 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 statements for taxation obligations in respect of PETROTRIN as that entity has never been charged penalties and interest for late payment of taxes and or the amounts due have been waived and as such the likelihood of future economic outflows arising from same is deemed negligible. This matter is not considered to be an uncertain tax treatment under IFRIC 23.

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

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the Group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

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

8 Income tax expense (continued)

b. *Accounting policy* (continued)

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

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

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

c. *Deferred Taxation*

	2019 **$**	**2018** **$** **(Restated)**
At beginning of the year	147	1,208,550
Charge to OCI	--	--
Charge to profit and loss	36	(1,208,403)
At end of the year	183	147

8 Income tax expense (continued)

c. *Deferred Taxation* (continued)

Deferred income taxes are calculated in full, on temporary differences under the liability method using a principal tax rate of 55% (Exploration and Production Operations (E&P)), 50% (Refining and Marketing Operations (R&M)) and 35% (Terminaling Operations). The deferred income tax (asset)/liability in the statement of financial position and the deferred income tax charge/(credit) in the statement of profit or loss and other comprehensive income are attributable to the following:

	2018 **$** **(Restated)**	**Charge to P/L** **$**	**Charge/ (credit) to OCI** **$**	**2019** **$**
Year ended 30 September 2019				
Deferred income tax liabilities				
Accelerated tax depreciation – tangible and intangible assets carried at cost	(4,970,914)	3,624,012*	--	(1,346,902)
	(4,970,914)	3,624,012	--	(1,346,902)
Year ended 30 September 2019				
Deferred income tax assets				
Retirement medical asset	68,811	(55,390)	--	13,421
Asset retirement obligation	4,361,995	(3,245,534)	--	1,116,461
Vacation leave payable	104,509	(104,509)	--	--
Interest payable	78,926	(58,711)	--	20,215
Tax losses carried forward	106,800	86,934	--	193,734
Retirement pension asset	44,605	(44,605)	--	--
Exchange gain/loss	205,415	(202,161)	--	3,254
	4,971,061	(3,623,976)	--	1,347,085
Net deferred income tax asset/liabilities	147	36	--	183

* This tax liability arose due the tax gain which resulted from the transfer of novated assets from PETROTRIN to Heritage, Paria and Guaracara.

8 Income tax expense (continued)

c. *Deferred Taxation (continued)*

	2017 $	Charge to SOCI $	Charge/ (credit) to OCI $	2018 $ (Restated)
Year ended 30 September 2018				
Deferred income tax liabilities				
Accelerated tax depreciation – property, plant and equipment carried at cost	(10,212,662)	5,241,748	--	(4,970,914)
	(10,212,662)	5,241,748	--	(4,970,914)
Year ended 30 September 2018				
Deferred income tax assets				
Retirement medical asset	1,345,413	(1,276,602)	--	68,811
Provision for abandonment	1,748,236	2,613,759)	--	4,361,995
Vacation leave payable	112,398	(7,889)	--	104,509
Interest payable	67,695	11,231	--	78,926
Tax losses carried forward	6,769,180	(6,662,380)	--	106,800
Retirement pension asset	395,042	(350,437)	--	44,605
Production taxes accruals	766,003	(766,003)	--	--
Exchange gain/loss	217,245	(11,830)	--	205,415
	11,421,212	(6,450,151)	--	4,971,061
Net deferred income tax asset/liabilities	1,208,550	(1,208,403)	--	147

8 Income tax expense (continued)

d. *Tax losses*

The following table provides details of tax losses for the Group:

	2019 $	2018 $ (Restated)
Tax losses brought forward	26,688,586	25,107,248
Current year losses – E&P	387,000	45,727
Current year losses – R&M	--	2,341,847
Current year losses – Other	8,901,110	--
Taxes utilised for balancing charge – E&P	(92,546)	(806,236)
Taxes utilised for balancing charge – R&M	(1,518,826)	--
Tax losses carried forward	34,365,324	26,688,586
Tax losses not recognised as deferred tax asset	33,977,856	26,494,404
Tax losses recognised as deferred tax asset	387,468	194,182
	34,365,324	26,688,586

During the period that PETROTRIN operated, the Group was engaged in joint venture operations with other entities. The contracts for some of these joint venture operations included a clause which stated that losses incurred cannot be utilized against profits of another Exploration and Production field when calculating production taxes. These types of joint venture operations were referred to as being ‘Ring Fenced’. The transfer of assets to the new entities resulted in a balancing charge in PETROTIN’S books. All available losses except for losses incurred on ‘Ring Fenced” fields were utilized when calculating the tax on the balancing charge.

The table below shows tax losses by segment:

	E&P $	Ring Fenced $	E&P Total $	Other $	R&M $	Total $
Tax losses brought forward	-	243,314	243,314	-	26,445,272	26,688,586
Current year losses	387,000	-	387,000	8,901,110		9,288,110
Losses Utilised	-	(92,546)	(92,546)	-	(1,518,826)	(1,611,372)
Losses carried forward	387,000	150,768	537,768	8,901,110	24,926,446	34,365,324

As at year end the Group had $34,365,324 (2018: $26,688,586) in tax losses carried forward and deferred tax asset in the amount of $1,383,838 (2018: $4,971,061) has not been recognized on these losses due to the uncertainty of future taxable profit.

8 Income tax expense (continued)

e. *Income taxes recoverable*	2019 $	2018 $
Income taxes recoverable	773,612	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 as well as overpayment of taxes for income years 2008 – 2010. The final assessments from the Board of Inland Revenue for income years 2008 – 2010 was received by the Group and appropriate adjustments recognised to the income tax recoverable balances.

f. *Current tax liabilities*	2019 $	2018 $
Balance as start of the year	3,916,020	2,622,151
Taxes paid	(206,013)	(467)
Current year tax expense – SPT	393,751	976,174
Current year tax expense – PPT	2,494,222	253,014
Current year tax expense – UL	329,991	65,613
Current year tax expense – Corporation tax	83,685	--
Reclass to taxation recoverable	28,137	--
Tax adjustment – PPT (FY 2007)	(12,374)	--
Prior year adjustment	--	(465)
Balance at the close of the year	7,027,419	3,916,020

9 Cash in escrow

The land and marine licences agreements (see Note 5a(f)) effective in the year 2006, contain a clause requiring the Group to establish an escrow account at an approved financial institution in the name of the Minister of Energy and Energy Industries (The Minister). 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 the Group 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 the Group.

a. *Accounting policy*

These amounts are shown as non-current assets in the statement of financial position.

Cash in escrow is subjected to regulatory restrictions and are therefore not available for general use by the Group.

10 Inventories

	2019 **$**	**2018** **$**
Materials and supplies	240,213	488,429
Crude oil	261,459	687,702
Refined products	741,556	1,644,384
Precious metals	110,653	113,062
Less: provision for obsolescence	(84,892)	(221,402)
	1,268,989	2,712,175
Less: amounts held for sale (Note 14)	(895,812)	--
	373,177	2,712,175

a. *Accounting policy*

Inventories is stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost.

(i) *Materials and supplies*

Materials and supplies used mainly in drilling wells, recompletion and workovers are stated at the lower of cost and net realisable value. 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.

(ii) *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 based on the related month's production costs. Net realisable value is based on the market prices of an equivalent grade of crude oil.

10 **Inventories** (continued)

b. *Accounting policy* (continued)

(iii) *Refined products*

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

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

Net realisable values are refined products 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 and recognised as an expense in the period in which the reversal occurs.

Inventory for refined products were transferred to assets and liabilities held for sale (Note 14), as at September 2019.

(iv) *Precious metals*

Precious metals also include catalysts and refinery fresh and spent and are stated at market value on the statement of financial position date.

Inventory for precious metals and refinery fresh and spent were transferred to assets held for sale (Note 14), as at September 2019.

(v) *Provision for obsolescence*

Materials and supplies are reviewed on an annual basis. Items are provided for based on the age of the items. Management determines the provision based on material items that are aged in excess of five years. Items that were transferred from PETROTRIN, and were in excess of five years and items whose cost is $5,000 and below have been provided for.

11 Receivables and prepayments

	30 September 2019 $	 2018 $
Trade receivables	447,442	591,630
Other receivables	135,317	45,998
Prepayments, deferred charges and accrued revenue	136,384	142,109
	719,143	779,737

a. *Accounting policy*

Receivables are agreed amounts with fixed or determinable payments agreed between two counter parties. Trade receivables are amounts due from customers for rental fees, products or services performed in the ordinary course of business. When settlement is expected in one year or less, these amounts are classified as current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any provision for impairment is recognised in consolidated statement of profit or loss and other comprehensive income. 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 in the consolidated statement of profit or loss and other comprehensive income. Refer to Note 4(a)(iv) for the criteria that the Group uses to determine objective evidence of impairment loss.

b. *Fair value of trade receivables*

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

12 Short term investments

	2019 $	2018 $
Short-term investments	150,204	-

a. *Accounting policy*

Short-term investments represent investments greater than 3 months but less than 12 months. As at 30 September 2019, the investment was held as restricted amounts which comprises cash collateral held for a standby letter of credit (Note 27b).

b. *Financial risk management*

The effective interest rates on cash and short-term deposits were between 0.32 % and 2.73 % per annum (2018: 0.32%). Short term deposits have an average maturity of three point six (3.6) days (2018: 1 day).

13 Cash and cash equivalents

	2019 $	2018 $
Cash at bank and in hand	1,754,142	395,215
Short-term bank deposits	130,583	95,736
	1,884,725	490,951

13 Cash and cash equivalents (continued)

a. *Accounting policy*

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

b. *Financial risk management*

The effective interest rates on short-term deposits was 0.52 % (2018: 0.32%) per annum. Short term deposits have an average maturity of 3.6 days (2018: 1 day).

The Group has the following facilities with various banks:

Facilities

USD libor loan

	As at 30 September	
	2019	**2018**
Original loan amount	US$ 25,000	US$ 25,000
Type of loan	US Libor Loan	US Libor Loan
Principal balance	US$ 25,000	US$ 25,000
Principal paid for audit year	Nil	Nil
Interest paid for audit year	US$ 290	US$ 775
Interest rate	4.64%	4.64%

	2019	**2018**
Approved revolving line by way of custom bonds	-	TT$ 4,500 (Undrawn)
Approved revolving line by way of guarantee for Trintopec	TT$ 350 (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)
Approved line for USD Treasury Bond Investments	US$ 225 (Undrawn)	US$ 900 (Undrawn)
Standby letter of credit	-	USD 22,189

13 Cash and cash equivalents (continued)

c. *Cash generated from operating activities*

	Note	**2019** **$**	**2018** **$** **(Note 32)**
Loss for the period		(2,853,692)	(16,922,370)
Depreciation	5	789,765	1,427,726
Amortisation of intangible assets	18	382,146	439,510
Utilisation of decommissioning provision		(449,221)	(4,757)
Impairment losses related to investments – LABIDCO	14,23	1,138	22,725
Impairment losses related to investments – WGTL	14,23	--	2,830
Impairment write back related to investments	14,23	--	(71,116)
Impairment losses	5	276,736	15,230,758
Fair value loss on investment		288	--
Share of loss in associate		(977)	(439)
Impairment inventory		55,777	--
Write back of negative assets	22	(72,794)	(55,956)
Foreign currency translation loss		--	(7,494)
Finance cost	14,25	1,076,041	1,059,218
Finance income	14,25	(13,637)	(2,170)
Unrealised Fx losses		(13,520)	--
Loss on disposal of tangible and intangible assets	5	4,359	281
Net pension costs	17	1,100	(472,900)
Net benefit costs	17	35,000	(1,996,800)
Taxes other than income taxes – SPT		187,522	976,174
Tax expense		2,680,912	1,527,195
Pension contributions paid	17	(53,900)	(168,200)
Post-employment medical benefits paid	17	(101,700)	(95,400)
Changes in inventories		1,387,023	2,132,921
Changes in trade and other receivables		1,585,852	(728,223)
Changes in trade and other liabilities		(1,968,204)	2,274,273
Change in assets held for distribution		--	(2,748,986)
Changes in liabilities held for distribution		--	117,278
Cash generated from operating activities		2,936,014	1,936,078

13 Cash and cash equivalents (continued)

d. *Restricted cash*

The cash and cash equivalents disclosed above and in the statement of cash flows include $317,599 (2018: $84,700), which is held at reputable financial institutions.

	2019 **$**	**2018** **$**
The Bank of New York, Mellon (US$26,275)	176,048	--
Joint Venture Escrow Account	856	--
Cash at bank	140,695	84,700
	317,599	84,700

Deposits held at The Bank of New York, Mellon and Joint Venture Escrow cash comprise of cash collateral held for a standby letter of credit (Note 28b) and a debt service reserve account in connection with the Group senior secured loan agreement.

Deposits held at bank are subject to a court judgment in A&V Oil and Gas Limited vs PETROTRIN. This matter was concluded and the amount of $84,700 was paid on September 27, 2021. (Note 27(c)).

e. *Financial assets at amortised cost*

	As at 30 September **2019** **$**	 **2018** **$**
Balance as at 1 October 2018	--	--
Redemptions / purchases	128,777	--
Interest service cost	6,765	--
Interest payments	(1,681)	--
	133,861	--

This investment was purchased from NCB Global Finance Limited (NCBJ) on 14 June 2019 and is held to maturity with a fixed interest rate of 5.35 % per annum which matures on 12 June 2020. This investment is denominated in United Stated Dollars in the amount of $16,200 (2018: Nil) and is used as collateral for short term debt from NCBJ, which was repaid on 12 June 2020.

14 Assets and liabilities held for sale

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

On 18 February 2021 – Minister of Finance announced that GORTT had rejected Patriotic's final proposal and affirmed GORTT's intention to reoffer the assets for market consideration.

On the 26 June 2021, Trinidad Petroleum Holdings Limited issued a Request for Proposals for the potential sale, lease or joint venture transaction of the refining assets of The Guaracara Refining Company Limited. Interested parties who possessed the requisite expertise were invited to participate in the process. These parties were given an opportunity to submit a non-binding proposal at the end of September 2021, following which a preferred bidder is to be selected to conduct detailed due diligence and negotiate definitive transaction agreements. This process is expected to be completed in the FY 2022 financial year

As a result of the above, the associated assets and liabilities of the refining and terminalling operations were consequently presented as "held for sale" in the statement of financial position as at 30 September 2019. The accounting policy in relation to these line items were only in relation to those assets that were classified as held for sale where these items were measured at the lower of its carrying amount and fair value less cost to sell in accordance with IFRS 5. All the operations for Paria, Guaracara and ten (10) months of R&M operation of PETROTRIN in the current period for are shown as "discontinued activities" in the consolidated statement of profit or loss and other comprehensive income. At the date of issue of the financial statements the plain sale was not concluded.

PETROTRIN'S assets and liabilities not transferred by way of the "Vesting Act" were not classified as held for sale as the IFRS 5 criteria were not met. Assets held for sale includes Paria and Guaracara.

		As at 30 September	
	2019 R&M $	**2019 Terminalling $**	**2019 Total $**
Tangible and intangible assets	2,503,179	983,102	3,486,281
Deferred income tax assets	-	36,753	36,753
Inventories	154,211	741,601	895,812
Total assets classified as held for sale	2,657,390	1,761,456	4,418,846
Liabilities directly associated with assets held for sale			
Deferred income tax liabilities	-	36,753	36,753
Provisions	1,035,436	681,298	1,716,734
Total liabilities directly associated with assets held for sale	1,035,436	718,051	1,753,487

14 Assets and liabilities held for sale (continued)

a. *Loss after tax for the period from discontinued operations*

This includes operations for PETROTRIN, Paria and Guaracara

		30 September		
	2019 R&M	**2019 Terminalling**	**2019 Total**	**2018 Total**
	$	$	$	$
Revenue (Note 21)	2,034,945	7,280,671	9,315,616	23,403,861
Cost of sales	(2,728,921)	(6,953,841)	(9,682,762)	(31,318,077)
Gross (loss) / profit	(693,976)	326,830	(367,146)	(7,914,216)
Administrative expenses	(23,746)	(99,680)	(123,426)	143,948
Marketing expenses	(18,652)	-	(18,652)	(140,799)
Other operating expenses	(292,636)	(110,812)	(403,448)	1
Impairment write-back/losses	(1,138)	-	(1,138)	45,561
Other operating income	493,045	27,160	520,205	140,662
Operating loss	(537,103)	143,498	(393,605)	(7,724,843)
Finance costs (net)	(179,727)	(29,217)	(208,944)	(76,516)
Profit / (loss) before tax	**(716,830)**	**114,281**	**(602,549)**	**(7,801,359)**
Income tax expenses	90,734	(83,711)	7,023	-
Profit / (loss) for the period	**(626,096)**	**30,570**	**(595,526)**	**(7,801,359)**

b. *Net cash flows used from discontinued operation*

	2019	**2018**
	$	$
Net cash used in operating activities	171,702	4,534,145
Net cash from investing activities	1,267	864
Net cash from financing activities	-	-
Net cash flow for the year	172,969	4,535,009

15 Share capital

	2019 No.	2018 No.	2019 $	2018 $
Authorised, Issued and fully paid				
Ordinary share of no-par value	1	300,000,000		
Issued and fully paid				
Ordinary share of no-par value	1	300,000,000	-	2,272,274

By Deed of Surrender dated 29 November 2018, all PETROTRIN's issued share capital was surrendered. On 30 November 2018, one (1) share at an absolute value of five Trinidad and Tobago dollars ($5) was 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 three other wholly owned subsidiaries which were formed as a result of PETROTRIN's restructuring. The subsidiaries are Heritage Petroleum Company Limited, Paria Fuel Trading Limited and the Guaracara Refining Company Limited.

a. *Accounting policy*

Share capital

The rights associated with these shares include voting power, ownership, the right to transfer ownership, the right to receive dividends, the right to inspect corporate documents, and the right to sue for wrongful acts.

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

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

Dividend distribution

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

16 Borrowings

On 30 November 2018 by way of Supplemental Indenture dated 30 November 2018, the 9.75% Notes due 2019 (US$850m) and the 6.00% Notes due 2022 (US$750m), (Collectively the “Existing Notes”) were transferred to TPHL from PETROTRIN.

In June 2019, the Group successfully concluded negotiations with a syndicate of financial institutions to enter into a Term Loan Facility whereby the “Existing Notes” were exchanged for a new 9.75% 7-year Senior Secured Note (Exchange offer). Of the 9.75% Notes due 2019 and 6% Notes due 2022, 52.35% and 66.82% of the Bondholders respectively tendered their bonds and the Group executed a US$570.265 million Indenture for the Senior Secured Notes (2026 Notes) under 144A/Reg S series. The unexchanged value of US$405 million of the 9.75% Notes (US$850m) were repaid via a Term Loan facility. The outstanding balance of US$62.2 million (TT$418.9 million) on the 2022 notes (US$750m) will be fully repaid by May 2022. (see Note 16d).

The Group also negotiated a Term Loan Facility on 28 June 2019 of US$603 million comprising of two United States dollar-denominated tranches of US$388m and US$215m at variable interest rates, maturing 3 years and 7 years respectively following the funding date. TPHL is the borrower, and Heritage, Paria and Guaracara are guarantors under the Term Loan Facility. Proceeds of this loan was used to repay the unexchanged value of $405 million of “Existing Notes”.

Proceeds of this loan was also used to repay PETROTRIN’S 30 November 2018 shareholder loan of TT$1.2 billion (Note 20) and fund Heritage exploration efforts.

16. Borrowings (continued)

The carrying amount of borrowings are stated below:

	2019 $	2018 $
US$850m Senior Unsecured Notes	--	5,737,095
US$750m Senior Unsecured Notes	418,861	1,687,513
US$570.265m Senior Secured Notes	3,776,060	--
Total senior notes	4,194,921	7,424,608

	2019 $	2018 $
Term Loan tranche A – US$388m	2,545,956	--
Term Loan tranche B – US$215m	1,395,259	--
Secured GORTT guarantee	336,638	--
Total term loans	4,277,853	--
Total borrowings	8,472,774	--
Of which		
Current portion	139,620	7,424,608
Non-current portion	8,333,154	--
	8,472,774	7,424,608

	2019 %	2018 %
Weighted average effective interest rates	8.39	8.90

a. *Accounting policy*

Recognition and measurement

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the year of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

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 year.

16. Borrowings (continued)

b. *Compliance with loan covenants*

Under the Senior Secured loan documents, the Loan parties are subject to a number of negative covenants. Covenants include limitations on the Group's ability to create liens, limitation on additional indebtedness, dividends and/or restricted payments, asset sales and sale and leaseback transactions, limitations surrounding capital expenditure and investments, transactions with affiliates and the unrestricted subsidiary, negative pledge as well as conditions for mandatory prepayments.

The Group has complied with the non-financial covenants of its borrowing facilities during the 2019 reporting period which included

- Monthly reporting
- Quarterly reporting to Lenders and Trustees
- Official receipts of withholding tax payments to the Trustees, letter of no withholding where applicable
- Timely settlement of taxes, insurance with financially sound and reputable insurers

However, there was non-compliance with these non-financial covenants:

- Delivery of TPHL 2019 Audited Financial statements within the stipulated period of 120 days the financial year end
- Paria overdue VAT due to delays in receipt of subsidy.

The Group obtained the following waivers:

- Submission of 2019 audited financial statements of TPHL and Heritage prior to the incurrence of Exploration Capex solely in relation to SECC, IBIS, Oilbird and TSP Joint Ventures in FY 2020 and FY 2020.

  In 2019 waiver of Heritage having incurred capital expenditure in respect of joint venture for FY 2020.

- Inability to deliver 2019 audited financial statements for TPHL and Heritage within 180 calendar days after the end of the fiscal year provided that these financial statements for TPHL and Heritage are delivered to the Administrative Agent on or before 21st August 2020 and 23rd April 2020.

- Inability to deliver Q1/2020 unaudited financial statements within 75 calendar days after the end of the fiscal quarter ended 31st December 2019 provided that these financial statements are delivered to the Administrative Agent on or before 1st September 2020.

- Inability to deliver Q2/2020 unaudited financial statements within 75 calendar days after the end of the fiscal quarter ended 31st March 2020 provided that these financial statements are delivered to the Administrative Agent on or before 8th September 2020.

- Inability to deliver Q1-Q3 2020 unaudited financial statements within 75 calendar days after the end of the respective fiscal quarter ended 31st December 2020 provided that these financial statements are delivered to the Administrative Agent on or before 29th January 2021.

- Paria non-payment of VAT for the February 2019 to May 2019 and October 2019 provided that the overdue taxes will be paid or offset on or before 31 March 2021.

16. **Borrowings** (continued)

b. *Compliance with loan covenants (continued)*

- Consent to the Investments by Heritage in Petrotrin, not to exceed US$750,000 in the fiscal year ending September 30, 2020, to be used by the Unrestricted Subsidiary to bring to, and maintain in, working order and condition the Augustus Long Hospital in preparation for, and in anticipation of, hospital overflow as a result of COVID-19 (the "Emergency Purpose"), (ii) consent to any transaction between Heritage and the Unrestricted Subsidiary pursuant to that certain agency agreement entered into by and between Heritage and the Unrestricted Subsidiary as of March 13, 2020 in connection with the Emergency Purpose (the "Emergency Affiliate Transactions"),

- Permanently waiver of requirements in respect of Emergency Affiliate Transaction as a result of any emergency investment having been entered into prior to the date hereof:

- Waive Event of Default for Investments in Petrotrin to cover Petrotrin's short term debt during an Event of Default

- Waive Event of Default for restricted payments (normally permitted) made during Event of Default.

- Waive Event of Default for Paria having made a Restricted Payment to Petrotrin for refined products in an amount equal to TT$60,000,000 in May, 2020

- Waive Event of Default for TPHL's inability to deliver 2019 AFS for TPHL and Heritage within 180 calendar days after the end of the fiscal year (Section 6.01a) and by 21st August 2020 as per Amendment #3 to the Credit Agreement provided that these financial statements for TPHL are delivered to the Administrative Agent on or before 31st December 2020.

- Waive Event of Default for Investments in Petrotrin by Heritage to cover Petrotrin's short term debt during an Event of Default.

- Waive Event of Default for restricted payments (normally permitted under Section 7.06) made during Event of Default.

- Waive Event of Default for Heritage having incurred Capital Expenditures under Section 7.13 of the Credit Agreement during the continuance of any Default or Event of Default.

- Paria having made a Restricted Payment to Petrotrin for refined products in an amount equal to TT$110,000,000 in October 2020 out of which (x) an amount equal to TT$55,000,000 represents the Restricted Payment that was not made, but would have been permitted to be made, in September 2020 absent the Defaults and Event of Defaults that have been waived in this Waiver and (y) an amount equal to TT$55,000,000 represents the Restricted Payment corresponding to October 2020 made during the continuance of any Default.

16. **Borrowings** (continued)

b. *Compliance with loan covenants (continued)*

TPHL and the Guarantors, through its quarterly compliance reporting process have kept the Administrative Agent of the lenders apprised of these “events of default”. The Board and Management working jointly with the Administrative Agent of the Lenders have agreed and approved a plan to address these “events of default” as part of the current refinancing process being undertaken which is expected to be completed within twelve months of the approval of the consolidated financial statements (see Note 34(u)).

c. *Reconciliation*

(i) Long term loans	**2019** **$**	**2018** **$**
Opening balance as at 1 October	7,424,608	7,866,218
Proceeds from long term borrowings	7,917,699	--
Repayment of long term borrowings	(6,989,979)	(391,281)
Amounts re-classified from/(to) short term borrowings	336,638	(64,331)
Issue cost	(224,325)	--
Movement in prepaid borrowing costs	41,786	--
Foreign exchange adjustments	(33,653)	14,002
	8,472,774	7,424,608

16 **Borrowings** (continued)

d. *Loan agreements*

Description	**US$850 Million**	**US$750 Million**
	(TT$ Equivalent - $5,780 Million)	**(TT$ Equivalent - $5,100 Million)**
Carrying value at 30 September 2019	Nil	TT$418,861
Carrying value at 30 September 2018	TT$5,737,095	TT$1,687,513
Currency	USD	USD
Type of Notes offered by TPHL	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)	--	Ba3/BB by Moody's Investor Services and Standard and Poor's respectively
Date of loan	14 August 2009	08 May 2007
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 14 August and 14 February commencing on 14 August 2009	Payable semi-annually on 08 May 08 and 08 November 08 commencing 08 May 2007
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	14 August 2019	08 May 2022
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 Profit or Loss and Other Comprehensive Income as active construction on this plant has ceased	
Covenants	The active covenants on these Notes are limited mainly to the payment of securities (including applicable taxes as defined in the loan documents). Although TPHL is no longer required to submit quarterly and annual financial statements to the Trustee (Deutsche Bank Trust Company Americas), TPHL must present to the Trustee, within 150 calendar days of the fiscal year end, a Statement of Compliance with all conditions and covenants under the 2022 and 2019 Indentures.	
Guarantors	Trinidad Petroleum Holdings Limited Heritage Petroleum Company Limited Paria Fuel Trading Company Limited The Guaracara Refining Company Limited	
Events of Default	Events of default include, subject to certain exceptions and grace periods, non-payment, material inaccuracy of representations and warranties, breach of covenants, bankruptcy and insolvency, cross default in respect of financial indebtedness exceeding US$25 million, inability to pay Debt as it becomes due, and local government exchange controls that could have a material adverse effect on the Group's ability to settle its obligations. Other usual and customary events of default consistent with financings of this nature are also defined in the loan documents.	

16 **Borrowings** (continued)

d. *Loan agreements (continued)*

Description	**US$570 Million** **(TT$ Equivalent - $3,854 Million)**	**US$388 Million** **Tranche A (TT$ Equivalent - $2,622 Million)**	**US$215 Million** **Tranche B (TT$ Equivalent - $1,453 Million)**
Carrying value at 30 September 2019	TT$3,776,060	TT$2,545,956	TT$1,395,259
Currency	USD	USD	USD
Type of Notes offered by TPHL	Senior Secured Notes/ 144 A Reg S Series Notes	Senior Secured Term Loan Facility	Senior Secured Term Loan Facility
Date of loan	28 June 2019	28 June 2019	28 June 2019
Fixed coupon rate	9.75%		
Libor step up		7.1185%	8.6185%
Tenor	7 years	3 years	7 years
Moratorium	--	24 months on principal repayments	18 months on principal repayments
Interest payments	Payable quarterly on 15 March, 15 June, 15 September and 15 December commencing on 15 September 2019	Interest is at US 3-month LIBOR plus step-up margins at different intervals and payable quarterly in arrears, commencing 15th September 2019.	Interest is at US 3-month LIBOR plus 6.50% and payable quarterly on the respective Tranche A interest payment dates.
Principal repayments	Bullet	Payable quarterly from 15 June 2021	Payable quarterly from 15 December 2020
Maturity	15 June 2026	15 June 2022	15 June 2026
Redemption	Subject to optional redemption	Subject to optional redemption	Subject to optional redemption
Other		Conversion of Tranche A loans to Tranche B subject to the satisfaction of certain loan conditions.	
Trustees	The Bank of New York, Mellon	Credit Suisse AG	Credit Suisse AG
Covenants	Covenants include limitations on the Group's ability to create liens, limitation on additional indebtedness, dividends and/or restricted payments, asset sales and sale and leaseback transactions, limitations surrounding capital expenditure and investments, transactions with Affiliates and the unrestricted subsidiary, negative pledge as well as conditions for mandatory prepayments. Affirmative covenants, which include notices to lenders upon occurrence of certain events, provision of periodic financial information, maintenance of Collateral and compliance with applicable laws.		
Guarantors	Trinidad Petroleum Holdings Limited Heritage Petroleum Company Limited Paria Fuel Trading Company Limited The Guaracara Refining Company Limited		
Events of Default	Events of default include, subject to certain exceptions and grace periods, non-payment, material inaccuracy of representations and warranties, breach of covenants, bankruptcy and insolvency, cross default in respect of financial indebtedness exceeding US$25 million, inability to pay Debt as it becomes due, and local government exchange controls that could have a material adverse effect on the Group's ability to settle its obligations. Other usual and customary events of default consistent with financings of this nature are also defined in the loan documents.		

17 Retirement benefit obligation

17.1 *Employee benefits*

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

All employees were terminated as at 30 November 2018 and the plans were closed. The majority of PETROTRIN's employees who were terminated on the 30 November 2018 had participated in one of PETROTRIN'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 Plans are now closed

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 of Trinidad and Tobago on 06 March 2017.

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.

The Pension Plans pay:

- Pensions calculated based on 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 year, 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 year expires.

17 Retirement benefit obligation (continued)

17.1 *Employee benefits* (continued)

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

A full independent actuarial valuation of the Plans was carried out as at 30 September 2019 and revealed that the funding level of the SPP was 146% using the discounted values of future benefit payments and asset values at the valuation date. Due to the funding level of PEPP, the valuation was based on an analysis of the emerging cashflows in respect of both benefit payments and investment income. As such, no funding level is available. The aggregate market value of assets of the former Plans that now form the PEPP was $7,735,300 as at 30 September 2019 while that of the SPP was $1,538,900. A full independent actuarial valuation is completed every three years. The next valuation is expected to be done as at 30 September 2021.

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

(a) Calculations were based on a listing provided by the trustees which included a number of pensioners' who were on the trustee's payroll but not on PETROTRIN updated person-by-person membership database. The estimated liability in respect of these pensioners totaled $111 million.

(b) PETROTRIN'S updated person-by-person membership database indicated that there were some pensioners for whom pension increases have not yet been implemented.

An updated valuation of all the Plans' assets and expected liabilities as at 30 September 2019, 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 30 September 2016, 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 30 September 2019 was carried out using a closed plan approach which resulted in a significant credit to the consolidated statement of profit or loss and other comprehensive income. Curtailment as a result of the termination of all employees on 30 November 2018 was accounted for in fiscal year 2018.

The charge to the Consolidated statement of profit or loss and other comprehensive income includes current service cost, net interest on net retirement benefit/obligation, past service cost and administrative expenses.

17 Retirement benefit obligation (continued)

17.1 *Employee benefits* (continued)

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

		As at 30 September	
		2019	2018
		$	$
Obligation in statement of financial position:			
Retirement benefit obligation - Pension benefits - net	(a)	(427,900)	(84,400)
Retirement benefit obligation - Medical benefits	(b)	(39,400)	(130,200)
		(467,300)	(214,600)

		Year ended 30 September	
		2019	2018
		$	$
Income/(expense) recognized in profit or loss:			
Net pension income /(cost)	(a)	(35,000)	472,900
Net benefit income /(cost)	(b)	(1,100)	1,996,800
		(36,100)	2,469,700

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

	Year ended 30 September	
	2019	2018
	$	$
Present value of defined benefit obligation	(9,088,100)	(10,212,500)
Fair value of plan assets	9,274,200	10,719,900
Surplus/(deficit)	186,100	507,400
Effects of asset ceiling	(614,000)	(591,800)
Net retirement benefit obligation	(427,900)	(84,400)

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:

	As at 30 September	
	2019	2018
	$	$
Defined benefit obligation at start of year	(10,212,500)	(11,188,600)
Current service cost	(12,000)	(231,300)
Interest cost	(511,800)	(597,500)
Members’ contributions	(27,800)	(83,100)
Curtailment	--	753,500
Re- measurement:		
-Experience adjustments	(53,800)	474,200
Actuarial gains from changes in financial assumptions	(106,900)	--
Benefits paid	1,836,700	660,300
Defined benefit obligation at end of year	(9,088,100)	(10,212,500)

17 Retirement benefit obligation (continued)

17.1 *Employee benefits* (continued)

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

Movement in fair value of plan assets during the year:

	As at 30 September	
	2019 $	2018 $
Fair value of plan assets at start of year	10,719,900	10,860,900
Interest income	541,400	585,900
Return on Plan assets, excluding interest income	(212,000)	(302,600)
Company contributions	53,900	168,200
Members' contributions	27,800	83,100
Benefits paid	(1,836,700)	(660,300)
Administrative expenses	(20,100)	(15,300)
Fair value of Plan assets at end of year	9,274,200	10,719,900

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

	As at 30 September	
	2019 $	2018 $
Opening Defined Benefit Liability/(Asset)	(84,400)	(734,200)
Net pension cost	(35,000)	472,900
Re- measurement recognised in other comprehensive income	(362,400)	8,700
Company contributions paid	53,900	168,200
Closing Defined Benefit Liability/(Asset)	(427,900)	(84,400)

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

	As at 30 September	
	2019 $	2018 $
Current service cost	(12,000)	(231,300)
Net interest on net defined benefit Liability/(Asset)	(2,900)	(34,000)
Curtailment	--	753,500
Administrative expenses	(20,100)	(15,300)
Net pension cost	(35,000)	472,900

Re- measurements recognised in Other Comprehensive Income:

	As at 30 September	
	2019 $	2018 $
Experience gains/(losses)	(372,700)	171,600
Effect of asset ceiling	10,300	(162,900)
Total amounts recognised in other comprehensive income	(362,400)	8,700

17 Retirement benefit obligation (continued)

17.1 *Employee benefits* (continued)

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

The actual return on the Plan assets was:

	As at 30 September	
	2019	**2018**
	$	**$**
Actual return on Plan assets	329,400	283,300

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

	As at 30 September	
	2019	**2018**
	$	**$**
Locally listed equities	2,888,300	2,952,300
Overseas equities	1,431,900	2,103,600
Bonds	4,438,900	4,694,400
Mortgages	18,400	20,900
Mutual Funds	109,300	174,600
Cash and cash equivalents	387,400	774,100
Fair value of Plan assets at end of year	9,274,200	10,719,900

The principal actuarial assumptions used were as follows*:

	As at 30 September	
	2019	**2018**
	$	**$**
Discount rate	5.50%	5.50%
Future salary increases	--	--

** 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.

17 Retirement benefit obligation (continued)

17.1 *Employee benefits* (continued)

(a) *Retirement benefit obligation - 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 30 September	
	2019	**2018**
	$	**$**
Life expectancy at age 60 for current pensioners in years		
Male	21.7	21.0
Female	26.0	25.1
Life expectancy at age 60 for current members aged 40 in years		
Male	22.6	21.4
Female	26.9	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 30 September 2019, would have changed as a result of a change in these assumptions.

	1% pa higher **$**	**1% pa higher** **$**
- Discount rate	(813,900)	971,700

An increase of one (1) year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 September 2019 by $143,700 (30 September 2018: $147,000).

The sensitivities were calculated by recalculating the defined benefit obligations using the revised assumptions.

17 Retirement benefit obligation (continued)

17.1 *Employee benefits* (continued)

(b) *Retirement benefit obligation – medical benefits*

Up to 30 November 2018, 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 30 November 2018, 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 year up to 30 November 2020 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 for the two years. The fair value of this obligation is shown below:

*Amounts shown as absolute figures.

Net liability in the Statement of Financial Position:

	As at 30 September	
	2019 $	2018 $
Present value of defined benefit obligation	70,100	130,200
Fair value of plan assets*	(30,700)	--
Net Defined Benefit Liability	39,400	130,200

*This asset represents the difference between the amounts paid by the Group in respect of the old medical plan and the initial funding to Sagicor and direct payments made by the Group and Sagicor.

17 **Retirement benefit obligation** (continued)

17.1 *Employee benefits (continued)*

(b) *Retirement benefit obligation – medical benefits (continued)*

Movement in present value of defined benefit obligation:

	As at 30 September **2019** **$**	 **2018** **$**
Retirement benefit obligation at start of year	(130,200)	(2,536,700)
Current service cost	--	(54,200)
Interest cost	(2,300)	(136,800)
Curtailment	--	2,187,800
Re- measurement:		
- Experience Adjustments	(8,400)	316,700
Actuarial gain/loss from changes in financial assumptions	(200)	(2,400)
Benefits paid by the Group (net of retiree contributions)	71,000	95,400
Retirement benefit obligation at end of year	(70,100)	(130,200)

Movement in fair value of plan assets:

	As at 30 September **2019** **$**	 **2018** **$**
Fair value of plan assets at start of the year	--	--
Interest income	1,200	--
Return of plan assets, excluding interest income	(1,200)	--
Amount paid by Group	101,700	95,400
Direct benefit payments and premiums	(71,000)	(95,400)
	30,700	--

17 Retirement benefit obligation (continued)

17.1 *Employee benefits* (continued)

(b) *Retirement benefit obligation – medical benefits* (continued)

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

	As at 30 September	
	2019	**2018**
	$	**$**
Current service cost	--	(54,200)
Interest on retirement benefit obligation	(1,100)	(136,800)
Curtailment	--	2,187,800
Net benefit cost	(1,100)	1,996,800

Re- measurements recognised in other comprehensive income:

	As at 30 September	
	2019	**2018**
	$	**$**
Re-measurements experience adjustments	(9,800)	314,300

17 Retirement benefit obligation (continued)

17.1 *Employee benefits* (continued)

(b) *Retirement benefit obligation – medical benefits* (continued)

Summary of principal assumptions used were as follows*

	As at 30 September 2019	 2018
Discount rate	2.00%	2.75%
Medical expenses increase	--%	--%

** 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 30 September 2019 would have changed as a result of a change in the assumptions used.

	1% pa higher $	1% pa higher $
- Discount rate	281	(286)
- Medical expenses increases	--	--

The sensitivities were calculated by recalculating the defined benefit obligations using the revised assumptions.

(c) *Accounting policies*

(i) *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.

(ii) *Defined benefit plans*

Retirement benefits for ex-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.

17 Retirement benefit obligation (continued)

17.1 *Employee benefits* (continued)

(c) *Accounting policies* (continued)

(ii) *Defined benefit plans* (continued)

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.

Remeasurements 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.

(iii) *Defined contribution plans*

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group finalised its defined contribution plan in August 2020. They have accrued $96 (Note 2.1) for the period ending September 2019 and the expected contributions for FY September 2020 is $1,242.

(iv) *Other post-employment obligations*

The Group provided post-employment healthcare benefits to its retirees through an insurance company (Sagicor Life Inc) until 30 November 2020.

18 Asset retirement obligation	**2019** **$**	**2018** **$** **(Note 31)**
Opening amount as at 1 October	8,203,958	3,603,040
Unwinding of discount – continuing operations	347,305	696
Unwinding of discount – discontinued operations	34,841	192,032
Revision of estimates*	(1,745,117)	4,443,977
Utilisation	--	(4,757)
Translation differences	(23,345)	(31,030)
Less: Amounts held for sale (Note 14)	(1,716,734)	--
Closing balance at 30 September	5,100,908	8,203,958
Of which:		
Current portion	30,611	36,861
Non-current portion	5,070,297	8,167,097
	5,100,908	8,203,958

* Included in revision of estimates is a decrease in abandonment provision of $449,221 which was recognised in the consolidated statement of comprehensive income and $1,295,896 which was recognised as an adjustment to property plant and equipment.

Exploration and Production

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 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. For the year ended 30 September 2019, the estimated decommissioning cost was compiled using a 3rd party service provider, utilizing information provided by Management. Key information including offshore well information was provided from recently concluded physical verification exercises, onshore well information and onshore and offshore facilities including pipelines are based on what was novated as part of the asset vesting. The provision has been estimated using existing technology, at current prices using an escalation rate of 3%, and discount rates between 3.8% and 6.25% based on reserves.

Included in the decrease in provisions is an amount of $72,794 which relates to an adjustment to the abandonment liability carried for the Point Fortin Refinery. This adjustment is reflected in cost of sales within the Statement of Comprehensive Income (Note 22) as the asset has a nil net book value.

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 2020 and 2069. A 1.0% change in the escalation and discount rate will have the following impact on the provision for decommissioning:

Sensitivities	**$**
1% increase escalation rate	6,296,202
1% decrease escalation rate	4,299,194
1% increase in discount rate	5,247,808
1% decrease in discount rate	6,294,368

18 Asset retirement obligation (continued)

Other – Point Fortin Refinery, Terminalling Assets and Pointe-a- Pierre Refinery

The Point Fortin Refinery was vested to Heritage from PETROTRIN on the 1 December 2018. The estimated decommissioning cost is based on engineering estimates and reports. The provision has been estimated using existing technology and current pricing using an escalation rate of 3% and discount rates between 3.8% and 6.25% similar to E&P assets.

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

To determine the costs to dismantle all redundant and idle plants, buildings, site remediation, infrastructures, back filling, cooling towers, pumphouses, berths and jetties, tanks and offsites (Piperack) the Group sent quotations to obtain the cost estimates for the labour, materials and equipment required to dismantle the Refineries and Terminalling assets.

Where two cost quotes were received for the same line item, an average of the cost was used. However, if for instance, one of the contractors quoted an amount for the same line item which was vastly different from the quotes received from other contractors, then this amount was excluded when calculating the average costs. In cases where no quotations were received for an item, the prior year cost was used as it is not expected to differ significantly due to the nature/type of the cost.

The duration (i.e. hours) and quantities required is constant from prior year because the process to dismantle remains the same.

In the prior year, 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 at the end of its useful life and includes the costs of environmental remediation. The provision also represents Management's best estimate of the cost of dismantling refining and marketing assets.

The Point a Pierre Refinery and the terminalling assets' decommissioning costs 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.

These decommissioning costs are treated as discontinued operations.

a. *Accounting policy*

Refer to Note 5 (a) (i).

b. *Decommissioning and environmental obligations estimate*

(i) *Decommissioning obligation*

Refer to Note 5 (a) (i) and 14 (a).

(ii) *Environmental liabilities*

Together with other companies in the industries in which it operates, The Group 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.

19 Trade and other payables

	2019 **$**	**2018** **$**
Trade payables	500,204	1,020,737
Benefits due to employees	79,917	811,040
Restructuring provision (Note 19 (c))	389,009	2,252,729
Accrued expenses	991,562	623,811
Accrued interest	77,825	144,682
Abandonment liability – jointly controlled entities	65,330	60,538
Other payables	243,264	189,531
Royalties and other fees – jointly controlled entities	13,860	--
	2,360,971	5,103,068

a. *Accounting policy*

Trade and other payables

These amounts represent liabilities for goods and services provided, royalties and other fees, unpaid benefits due to employees as at 30 September 2019. 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. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

19 Trade and other payables (continued)

a. *Accounting policy (continued)*

Provisions (other than assets retirement obligations)

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. 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. The increase in the provision due to the passage of time is recognised as interest expense.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of service rendered by employees up to the end of the reporting year.

b. *Fair value of trade payables*

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

c. *Restructuring provisions*

	2019 **$**	**2018** **$**
Termination benefit	7,532	1,851,697
Contract termination penalties	65,943	68,475
Onerous contract provisions	314,934	315,226
Professional fees	600	15,724
Legal costs	--	1,607
	389,009	2,252,729

d. *Onerous contract provisions*

In the 2019, there were key utility contracts which the Group could not terminate. These contracts were considered onerous as there were unavoidable costs under the contracts which exceeded the economic benefits expected to be received. The contracts between the Group and these utility contractors still carry a financial commitment. A provision of $314,934 (2018: $315,226) was made for these services.

Due to ongoing negotiations with these service providers, should the commitments be waived, the amounts will be reversed in a subsequent period.

20 Short term loans

	2019 $	2018 $
Secured – GORTT guarantee	2,371,721	1,553,018
Unsecured	109,071	1,865,333
The National Gas Company of Trinidad and Tobago Limited	64,159	64,331
	2,544,951	3,482,682

Secured and Unsecured short term loans

The effective interest rate ranged from 4.11% to 7.13% (2018: 4.14% to 6.52%) per annum. They had varying maturity dates of 90 to 360 days (2018: 5 to 362 days). In the financial year 2019, loans in the sum of $2,064,964 were repaid.

These facilities were granted by the local commercial banks for management of working capital and are fully guaranteed by the Government of the Republic of Trinidad and Tobago.

On 30 November 2018, the Government of Trinidad and Tobago loaned PETROTRIN a short-term loan of TT$1.2B to finance outstanding closing cost associated with the restructuring. This loan was fully repaid on 28 June 2020 from proceeds of the Term Loan facility (Note 19) and injections of cash from Heritage and Paria.

The National Gas Company of Trinidad and Tobago Limited

This represents the balance owed 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. Funding was provided by the predecessor shareholder (PETROTRIN) and NGC.

This is an interest free, unsecured loan with no fixed terms of repayment. While the lenders have agreed not to request repayments of any portion of this loan balance within the foreseeable future, the loan is still repayable on demand. There are no covenants for these borrowings.

Reconciliation

	2019 $	2018 $
Opening balance as at 1 October	3,482,682	3,819,316
Proceeds from short term borrowings	1,471,563	7,628,894
Repayment of short term borrowings	(2,064,964)	(8,031,174)
Proceeds of loan from GORTT	1,200,000	--
Repayment of loan to GORTT	(1,200,000)	--
Amounts re-classified (to)/from long term borrowings	(336,638)	64,331
Foreign exchange adjustments	(7,692)	1,315
	2,544,951	3,482,682

21 Revenue

	2019 $	2018 $
Crude oil sales	5,469,076	289,364
Natural gas sales	479,547	410,767
Royalty income	305,735	432,242
Other revenue	5,069	6,442
	6,259,427	1,138,815

a. *Accounting policy*

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

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

IFRS 15 was adopted by the Group retrospectively resulting in no adjustments to the opening retained earnings as the impact of the adoption of this standard was immaterial.

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

(i) *Sales revenue*

Revenue from the sales of crude oil, natural gas and refined products is recognized when control is transferred for the ownership of the product. In general, revenue is recognized:

- crude oil – when the oil passes the vessels inlet manifold flange at the loading port for sales via shipments or
- for natural gas and natural gas liquids - when it is transferred across the delivery point into the customers storage area

The customer has full discretion over the channel and price to sell the product, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Trade receivables is recognised as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

No element of financing is deemed present as typically, payment for the sale of the product is received either immediately or by the end of the month following the month in which the sale is recognised, which is consistent with contractual terms and market practice.

Revenues from the sale of crude oil and natural gas in properties in which the Group has an interest together with other producers, are recognised at a point in time based on the Group's working interest in those properties (entitlement method).

21. Revenue (continued)

a. *Accounting policy (continued)*

(i) *Sales revenue*

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

(ii) *Bunkering*

Revenues from bunkering are recognized upon shipment when, at that date, the risks of loss and transferred to the acquirer. Bunkering revenues are treated as discontinued operations (Note 14)

(iii) *Marine income and processing fees*

Marine income and processing fees are recognized upon delivery of services and customer acceptance. Marine income is comprised mainly of wharf fees, barging fees, tug and launch hire. Marine income and processing fees are treated as discontinued operations (Note 14)

(iv) *Royalty income*

Royalty income is recognised over time 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.

(v) *Interest income*

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asssets (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

(vi) *Rental income from NiQuan Energy Trinidad Limited (NiQuan)*

Rental income should be recognised over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived from the lease asset is diminished.

Rental income is mainly from the lease of a parcel of land at Point-a-Pierre to NiQuan. Revenue is recognized in the period in which it relates to.

22 Expenses by nature

	Year ended 30 September 2019				
	Cost of sales	Administrative expenses	Marketing expenses	Other operating expenses	Total
	$	$	$	$	$
Purchases	1,428,819	-	-	-	1,428,819
Production taxes	286,739	-	4,590	-	291,329
Employee benefits expense (excluding retirement benefits) Note 26	218,647	80,314	839	-	299,800
Production expenses	707,514	-	-	2	707,516
Movement in inventories	94,069	-	-	-	94,069
Write back of negative assets*	(72,794)	-	-	-	(72,794)
Depreciation	702,488	-	-	2,008	704,496
Impairment	-	(1,345)	-	-	(1,345)
Insurance	-	25,921	-	-	25,921
Legal and professional fees	-	2,030	140	31,996	34,166
Charge for bad and doubtful debts	190,869	(46,993)	-	-	143,876
Directors and key management remuneration	-	881	-	713	1,594
Loss on foreign currency exchange - realised	-	8,348	-	-	8,348
Loss on foreign currency exchange- unrealised	-	-	-	5,890	5,890
Processing fee	51,674	-	-	-	51,674
Supplemental petroleum tax**	393,751	-	-	-	393,751
Royalties	407,827	-	-	-	407,827
Rental of equipment	59,705	3,316	-	-	63,021
Loss on disposal of tangible and intangible assets	4,359	-	-	-	4,359
Increase in provision for inventory obsolescence	12,777	-	-	-	12,777
Contracted salaries	-	5,322	-	-	5,322
Green fund levy	774	16,202	-	16	16,992
Other expenses	8,569	79,477	2,102	12,618	102,766
Total	**4,495,787**	**173,473**	**7,671**	**53,243**	**4,730,174**

22 **Expenses by nature** (continued)

*Write back of negative assets
This relates to an adjustment to the abandonment liability carried for the Point Fortin Refinery as the asset has a nil net book value (Note 5a (i)).

**Supplemental petroleum tax
By way of letter dated 17 March 2020 from the Minister of Finance on behalf of the Government of the Republic of Trinidad and Tobago has agreed to waive the Supplemental Petroleum Tax obligations with effect from July 2019 and continuing for a period of two (2) years. The amounts reflected above is for the period 01 December 2018 to 30 June 2019.

22 Expenses by nature (continued)

	Year ended 30 September 2018				
	Cost of sales	**Administrative expenses**	**Marketing expenses**	**Other operating expenses**	**Total**
	$	**$**	**$**	**$**	**$**
Purchases	1,182,045	-	-	-	1,182,045
Production taxes	896,849	-	-	-	896,849
Employee benefits expense (excluding retirement benefits) Note 26	626,792	276,328	4,904	-	908,024
Production and refining expenses	682,322	-	-	-	682,322
Movement in inventories	117,888	-	-	-	117,888
Amortisation of intangible assets	430,008	-	-	9,502	439,510
Write back of negative assets*	(55,956)	-	-	-	(55,956)
Depreciation	459,548	-	-	(33,623)	425,925
Impairment – tangible and intangible assets	1,777,565	(6,682)	-	-	1,770,883
Charge for bad and doubtful debts	39,362	(1,687)	-	-	37,675
Directors and key management remuneration	-	6,461	-	-	6,461
Loss on foreign currency exchange - realised	-	-	-	13,246	13,246
Supplemental petroleum tax	976,174	-	-	-	976,174
Rental of equipment	337,782	(62,226)	-	-	275,556
Other expenses**	(67,885)	145,625	5,478	31,544	114,762
Total	**7,402,494**	**357,819**	**10,382**	**20,669**	**7,791,364**

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

**Relates to reversal of prior year accruals

23 Impairment (losses)/write back

	2019 $	2018 $
Impairment loss related to loans receivable:		
- WGTL-TL in receivership (NiQuan)	--	--
Impairment of tangible and intangible assets (Note 5)	(82,894)	--
Impairment related to shares in LABIDCO (Note 14)	--	--
	(82,894)	--
Reversal of previous impairment losses:		
- CLICO	--	13
Net impairment write-back	(82,894)	13

Based on a valuation undertaken by a professional valuation firm, LABIDCO shares were impaired by $1,138 (2018: $22,689) Note 14.

The Group bases its impairment calculation on the value in use (VIU) model which is based on cashflows expected to be generated by the projected oil and natural gas production profiles up to the expiration of the licence agreements. Key assumptions used for the VIU calculations are as follows:

- Revenues were derived using projected production and future prices. This data was obtained from market experts;
- 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) and fifty (50) years as this represents management's estimation of the economic useful life of the economic productive life of the field at current rates of extraction;
- The cash flows beyond the 5-year period were extrapolated using projections based on constant prices and costs.
- The growth rates used for revenue and costs were 1.5% (2018: 0%) and 3% (2018: 0%), respectively, with a discount rate of 5.35%. (2018: 43.2%). In 2018, all assets were classified as discontinued operations (Refer Note 1,30a)

Impairment losses of continuing operations, including impairment of inventories, are recognised in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset. For assets/CGUs, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset/CGU does not exceed the lower of its recoverable amount, or the carrying amount that would have been determined, net of depreciation/amortisation, had no impairment loss been recognised for the asset/CGU in prior years. Such a reversal is recognised in the consolidated statement of profit or loss.

23 Impairment (losses)/write back (continued)

During the year ended 30 September 2019, impairment losses on oil and gas properties assets totalling $82,894 were recognised in the consolidated statement of profit or loss.

All of the CGUs for which there were impairment losses recognised in the current year, form part of the oil and gas properties assets.

The fields showing impairment for the E&P line of business were as follows:

Description	Carrying Value as at	Value in use as at	Impairment loss at at
	30-Sep-19 $	30-Sep-19 $	30-Sep-19 $
NCMA 1 – Block 9	62,827	38,285	24,542
Teak, Samaan, Poui (TSP)	200,421	142,069	58,352
			82,894

In FY 2020, due to the completion of the field gas compression study in the NCMA 1 – Block 9, there were increase reserves which resulted in a reversal of $24,542 of the impairment charge of $82,894 (Note 34).

24 Other operating income

	2019 $	2018 $
Marine income	1,782	11,922
Processing fees	--	2,303
Interest on receivables	1,401	7,867
Storage fees	70	413
Access fees	1,126	6,744
Pipeline rentals	13,358	--
Gain on foreign currency exchange	195,060	--
Other income	5,242	10,003
	218,039	39,252

25 Net finance costs

	2019 $	2018 $
Finance expense		
- Bank borrowings	(858,310)	(981,142)
- Amortisation of borrowing cost	(41,786)	-
- Finance charge on decommissioning costs (Note 14,18)	(347,305)	(696)
	(1,247,401)	(981,838)
Finance income		
Interest income on short term investments	11,795	1,306
Net finance costs	(1,235,606)	(980,532)

In the year ended 30 September 2019, TPHL incurred interest on borrowings of $1,067,600 (2018: $841,016). In 2019, there were no interest capitalised on borrowings (2018: $188,804).

26 Employee benefits expense

a) Employee benefit expense (excluding retirement benefit and termination benefits)

	2019 **$**	**2018** **$**
Salaries and wages	187,952	704,047
Allowances	76,406	55,137
Overtime	11,211	41,093
Other personnel costs	6,119	5,475
Medical services	4,012	3,131
Travel plan	2,566	9,102
Housing aid	1,429	9,293
Savings plan	3,355	30,038
Voluntary selective separation plan	189	--
National insurance	6,561	50,708
	299,800	908,024

b) Termination benefit

Termination benefits include severance costs upon the termination of all employees effective 30 November 2018. 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 the fiscal year 2018. This amount of $1,851,697 is included in discontinued operation (Note 14).

27 Contingent liabilities

a. *Housing loan guarantee*

The Group is contingently liable as Guarantor in respect of staff housing loans to a maximum of $13.5m. Effective 30 November 2018 all guarantees for mortgage-housing loans made by various financial institutions to its employees participating in the housing aid scheme operated by the Group has ceased following the termination of all employees (2018: $4,893).

b. *Letter of credit*

Effective 1 January 2019, as per Vesting Act, the credit facility established to meet PETROTRIN's 15% share of its abandonment liability with respect to its TSP Joint Venture was transferred to Heritage. As at 30 September 2019, letters of credit amounted to nil (2018: $146,578/ US$21,708).

The Group has an outstanding letter of credit facility with a financial institution for US$22,265. This credit facility was established to meet the Group's 15% share of its abandonment liability with respect to its TSP Joint Venture (Note 34).

c. *Litigation*

Contractors' claims against the Group in dispute amounted to $505,924 (2018: $210,740) for which the Group has not recognised as an obligation.

Contractors' claims against the Group in dispute amounting to $135,446 (2018: $94,474) are booked within trade and other payables.

In addition, there are several other legal claims against the Group amounting to $27,607 (2018: $44,351) 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") totalling $2,384,763 which involve allegations that PETROTRIN 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, the Group did not recognise an amount of $2,383,361 as an obligation in the fiscal year 2019. However, an accrual in the amount of $1,402 was recorded in the 2019 fiscal year with regards to these matters.

d. *Customs and Immigration bonds*

Contingent liabilities in respect of customs and immigration bonds amounted to approximately $2,248 (2018: $2,248). Application were made effective 1 December 2018 to Customs and Excise Division to cancel the bonds following the decision to restructure. As at 30 September 2019, the cancellation certificates have not been received and as at the date of approval of these financial statements, the cancellation certificates have not been received.

27 Contingent liabilities (continued)

e. *Financial support guarantee*

Further to a letter of guarantee dated 15 April 2020 and 30 November 2020, the GORTT has provided a letter of guarantee to the Group for the year ended 30 September 2019 and 30 September 2020 respectively.

f. *Guarantee*

Heritage is a Guarantor on TPHL's senior secured loan issuances, comprising a US$603 million term loan facility with a Syndicate of banks and US$570.265 million (2026s) 144A and Reg S series international Notes. Senior lenders have a security interest in and continuing lien on all of Heritage's right, title and interest in, to certain of Heritage's assets (excluding Heritage's reserves, equity and licenses). Heritage is required to maintain two (2) pledged accounts with a Bank - a Debt Service Reserve Account (holding three (3) consecutive months of interest, fees and expenses related to these senior secured loans) which must satisfy this Reserve Requirement as well as a Collection Account whereby at least 70% of Heritage's net revenues must flow through.

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

Heritage is also a Guarantor on TPHL's senior unsecured US$62.2125 million (2022s) amortizing 144A and Reg S series international Notes.

g. *Other*

In various press releases, the Prime Minister of the Republic of Trinidad and Tobago publicly announced the provision of enhanced termination packages to ex-PETROTRIN workers in terms of priority housing and agricultural incentives. In 2019 all ex-employees that satisfied certain prerequisites were invited to apply for residential plots of land.

28 Commitments

a. *Sales commitments*

Prior to 30 November 2018, the Group had entered into long-term sales contracts with several its customers. Subsequent to 30 November 2018, these contracts were novated to Paria Fuel Trading Company Limited. At the reporting date, these amounted to approximately $1,027,498 (2018: $1,028,040) as outlined below. This was for the delivery of contracted volumes. The selling price used to value the commitment is a formula based on Platt's reference price, which was then forecasted based on Petroleum Institute Research Associates forecasts. Sales price at the actual date of sale was based on the pricing formula referenced to the Platt's posting.

	Year ended 30 September			
	2019		**2018**	
Product	**BBLs**	**$**	**BBLs**	**$**
Gasoil	--	--	12,015	7,936
Crude oil	2,506	1,027,498	--	--
Jet fuel	--	--	18,565	12,217
Mogas	--	--	114,434	64,147
Fuel oil	--	--	655,034	304,138
Mixed	--	--	1,038,354	639,602
	2,506	1,027,498	1,838,402	1,028,040

b. *Purchases commitments*

Purchases commitments as at 30 September 2019 is $4,187,462 (2018: $804,302) as outlined below.

	Year ended 30 September			
	2019		**2018**	
Product	**BBLs**	**$**	**BBLs**	**$**
Gasoil	4,242	1,663,344	729,446	419,515
Jet Fuel	719	395,941	239,276	153,785
Fuel	73	20,899	--	--
Mogas 95 RON	2,382	888,900	234,348	127,982
Mogas 92 RON	2,533	975,186	239,264	103,020
	9,949	3,944,270	1,442,334	804,302

29 (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 2019	**Level 1** **TT'000**	**Level 2** **TT'000**	**Level 3** **TT'000**	**Total** **TT'000**
Investments				
LABIDCO preference shares	--	--	--	--*
Total financial assets	**--**	**--**	--	--

*This was fully impaired. (Note 14,23)

Financial liabilities measured at fair value

At 30 September 2019	**Level 1** **TT'000**	**Level 2** **TT'000**	**Level 3** **TT'000**	**Total** **TT'000**
Borrowings	(4,787,299)	--	(4,295,731)	(9,083,030)
Short-term borrowings	--	--	(2,544,951)	(2,544,951)
Total financial liabilities	**(4,787,299)**	**--**	**(6,840,682)**	**(11,627,981)**

29 (a) Fair value – investments

(i) *Fair value hierarchy*

At 30 September 2018	**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**

There were no available audited financial statements or approved budgets to determine the valuation of the shares held in LABIDCO, therefore fair value was used.

At 30 September 2018	**Level 1 TT'000**	**Level 2 TT'000**	**Level 3 TT'000**	**Total TT'000**
Borrowings	(7,560,829)	--	--	(7,560,829)
Short-term borrowings	--	--	(3,482,682)	(3,482,682)
Total financial liabilities	**(7,560,829)**	**--**	**(3,482,682)**	**(11,043,511)**

See Note 4c(iv)

The fair value of all other financial assets and liabilities approximates to the carrying value.

(ii) *Recognized fair value measurements*

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. The Group has carried out a fair value assessment and all 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.

29 (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 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-19 $	**30-Sep-18** $		**2019**	**2018**	
LABIDCO Preference shares	Nil	1,138	Earnings growth factor	Nil	$1,190-$1,140	Any further decrease in the income would not impact the investment as it has already been valued at nil.

29 (b) Fair value – R&M assets, terminalling, 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.

The Group engaged separate professional valuators to perform the valuations of property items required for financial reporting purposes, including level 3 fair values.

Valuation of R&M assets, terminalling 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. 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
- Normal useful life
- Physical depreciation
- Functional obsolescence
- Economic obsolescence
- 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 un-demarcated 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. 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 31.

29 (b) **Fair value – R&M assets, terminalling, 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 29 (a) (ii).

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
R&M assets	--	--	3,706,753	3,706,753
R&M assets – Catalysts	213,154	--	--	213,154
Terminalling assets	--	--	1,001,160	1,001,160
Medical centres	--	--	19,830	19,830
Land and buildings	--	--	137,290	137,290
Total non-financial assets	213,154	--	4,865,033	5,078,187

	2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
R&M assets	--	--	3,617,600	3,617,600
Terminalling assets	--	--	924,800	924,800
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. The Group has carried out a fair value assessment and all the Group's 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.

29 (b) **Fair value – R&M assets, terminalling, land and buildings and medical centres** (continued)

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

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).

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

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

Description	**Fair Value as at**	**Carrying Value as at**	**Unobservable inputs**	**Range of inputs (probability-weighted average)**	**Relationship of unobservable inputs to fair value**
	30-Sep-19 $	**30-Sep-19 $**		2019	
Land and Buildings - Administration Building	61,240	3,569	Acreage	12.25 acres	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)	45,100	35,079	Acreage	5.2 acres	
Medical centres	19,830	8,068	Rent per sq. foot	$3.50-$22.50 per sq. foot	Depending on the size, type of accommodation and amenities provided
Land – Palo Seco Facilities	10,650	2,350	Acreage	16.33 acres	A variance of +/- 10% to 15% for Palo Seco property
Land and Buildings – Gobion Retreat, Mt Irvine Tobago	4,800	4,371	Acreage	0.59 acres	A variance of - 15% to -30% for land and building.
Land and Buildings – Queen's Park West	7,400	8,745	Acreage	0.36 acres	A variance of +/- 10% to 15% for land and building.

29 (b) **Fair value – R&M assets, terminalling, land and buildings and medical centres** (continued)

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

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

Description	**Fair Value as at**	**Carrying Value as at**	**Unobservable inputs**	**Range of inputs (probability-weighted average)**	**Relationship of unobservable inputs to fair value**
	30-Sep-19 $	**30-Sep-19 $**		**2019**	
Land and Buildings - Refinery Lab (and associated buildings)	59,500	59,328	Acreage	5.2 acres	A variance of +/- 1.0 Acre in relation to the Refinery Laboratory would result in +/- TT$3,267 (subject to change).
Refinery assets	3,519,367	2,350,137	Effective age	- 5 years	The lower this variable the higher the fair value
			Minimum percentage good	- 5%	The lower this variable the higher the fair value
			Turnaround cost	+15 years normal useful life	The higher this variable the lower the fair value
			Replacement cost new	+20%	The higher this variable the lower the fair value
			Restart cost	+15%	The higher this variable the lower the fair value
			Run time (capacity)	- 25%	The lower this variable the lower the fair value

29 (b) **Fair value – R&M assets, terminalling, land and buildings and medical centres** (continued)

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

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

Description	**Fair Value as at**	**Carrying Value as at**	**Unobservable inputs**	**Range of inputs (probability-weighted average)**	**Relationship of unobservable inputs to fair value**
	30-Sep-19 **$**	**30-Sep-19** **$**		**2019**	
Spares – capital and operating	127,886	124,893	Index and depreciated cost	15-year normal useful life and straight-line depreciation	N/A as there is no range
			Net realisable value	0% - 12%	The higher the percentage of cost, the higher the fair value
Catalyst – tangible assets and inventories	213,154	144,519	Purchase date	4 years ago	The more recent the purchase date the higher the fair value.
			Average cost per troy ounce adjusted to reflect timing and condition	N/A	The higher cost per troy ounce the higher the fair value

29 (b) **Fair value – R&M assets, terminalling, land and buildings and medical centres** (continued)

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

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

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

The terminalling assets identified above do not include operating spares which is valued at $45,000.

29 (b) **Fair value – R&M assets, terminalling, land and buildings and medical centres** (continued)

(vi) *Valuations inputs and relationships to fair value (continued)*

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**	
Land and Buildings - Administration Building	61,240	664	Acreage	12.25 acres	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	
Land and Buildings - Refinery Lab (and associated buildings)	59,000	59,000	Acreage	5.2 acres	
R&M refinery assets	3,619,218	3,619,218	Effective age	- 5 years	The lower this variable the higher the fair value
			Minimum percentage good	-5%	The lower this variable the higher the fair value
			Turnaround cost	+15 years normal useful life	The higher this variable the lower the fair value
			Replacement cost new	+20%	The higher this variable the lower the fair value
			Restart cost	+15%	The higher this variable the lower the fair value
			Run time (capacity)	- 25%	The lower this variable the lower the fair value

29 (b) **Fair value – R&M assets, terminalling, land and buildings and medical centres (continued)**

(vi) *Valuations inputs and relationships to fair value (continued)*

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**	
Terminalling assets	920,331	479,936	Same as above	Same as above	Same as above
Medical centres	19,830	15,334	Rent per sq. foot	$3.50-$22.50 per sq. foot	Depending on the size, type of accommodation and amenities provided
Spares	151,832	156,934	Index and depreciated cost Net realisable value	15-year normal useful life and straight-line depreciation 0% - 12%	N/A as there is no range The higher the percentage of cost, the higher the fair value
Catalyst	154,929	147,421	Purchase date Average cost per troy ounce adjusted to reflect timing and condition	4 years ago N/A	The more recent the purchase date the higher the fair value. The higher cost per troy ounce the higher the fair value
Land – Palo Seco Facilities *	--	2,527	N/A	N/A	N/A
Land and Buildings – Gobion Retreat, Mt Irvine Tobago *	--	4,858	N/A	N/A	N/A
Land and Buildings – Queen's Park West *	--	9,938	N/A	N/A	N/A

* A valuation was completed in 2017 and the properties are shown at lower of cost or fair market value. No valuations were performed for these properties as at 30 September 2018 as it is expected that based on existing economic and market conditions, this will remain the same. These were carried at net book value.

30 Summary of significant accounting policies

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

a. *Basis of preparation*

(i) Capital reorganisation

The restructuring describe in Note 1 was considered a capital reorganisation involving the insertion of a new intermediate parent and is not a business combination.

The Group accounts for capital reorganisation using the assets and liabilities of the previous entity (PETROTRIN) at their pre-combination carrying amounts without fair value uplift. This is on the basis that there is no substantive economic change. In essence, the combination of the two entities reflects the results and financial position of the existing business.

No goodwill was recorded. The new intermediate parent consolidated financial statements (TPHL) includes PETROTRIN'S full year's results (including comparatives) even though the business combination occurred part way through the year on 5 October 2018. Management did not elect to incorporate the results from the date when TPHL joined the Group, but instead elected to incorporate the full year's results of PETROTRIN which represented activities from 1 October 2018 to 30 September 2019.

(ii) Comparatives

As described under the capital reorganisation Note 30(a)(i) above, there is no substantive economic change to the Group and as a result for comparative purposes, PETROTIN 2018 financial statements, as amended and described in Note 32 has been used to inform TPHL's reported amounts.

30 Summary of significant accounting policies (continued)

a. *Basis of preparation* (continued)

(iii) Compliance with IFRS

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

(iv) Historical cost convention

The financial statements have been prepared on a historical cost basis except for the following:

- financial assets at fair value through other comprehensive income – measurement at fair value
- assets held for sale (Note 14)

(v) Gong concern

The basis of preparation adopted by the Group are considered to be a going concern as described below.

- Successful restructuring of the Group including refinancing existing borrowings via the international capital markets.
- The Group owns significant oil and gas reserves which are commercially viable.
- The Group is the primary authorized supplier of refined fuels in Trinidad and Tobago.
- Divestment of the refinery and terminalling facilities are expected to yield future cash flows.
- Divestment of the Group's remaining non-oil and gas assets are expected to yield future cash flows.
- the Directors have obtained a letter of financial support from its Ultimate Shareholder, the Government of the Republic of Trinidad and Tobago which can be called upon if needed to meet its legal and financial obligations as they fall due.

Additional considerations around the going concern basis are further described in Note 30. The accounting policies under the going concern basis of preparation for the current year is disclosed in Notes 30(a)(i) to 30(a)(iv).

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

a. *Basis of preparation (continued)*

(vi) Basis of measurement

In the financial year 2018, the previous reporting entity (PETROTRIN) was accounted for on a non-going concern basis. However, with the Group being assessed as a going concern, fixed assets and its associated liabilities that were classified in the prior year as current have now been re-classified as non-current. The prior year comparatives have been adjusted to reflect this change as outlined in Note 31.

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.

As at 30 September 2019, the Group's deficit amounted to $15,761,982 (2018: deficit $15,356,761) and as at that date, the Group's current liabilities exceeded current assets by $8,993,579. 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 19 (c)). The Group has also disclosed contingent liabilities that could arise from the restructuring process, see Note 27.

(vii) New standards, amendments and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 October 2018:

- IFRS 9 Financial Instruments and associated amendments to various other standards
- IFRS 15 Revenue from contracts with customers and associated amendments to various other standard
- Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- Transfer of Investment Property – Amendments to IAS40

30 Summary of significant accounting policies (continued)

a. *Basis of preparation (continued)*

(viii) New standards, amendments and interpretations not yet adopted by the Group (continued)

Title	Key Requirements	Impact	Effective Date	Mandatory application date/ Date of adoption by Group
IFRS 16 Leases	IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration.	The Group has set up a project team who is in the process of reviewing all the Group's leasing arrangements over the last year considering the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases. The impact of IFRS 16 is $53.5 million and was accounted as a debit to Rights of use with a corresponding credit to lease liabilities in FY 2020 financial statements..	Effective for annual periods beginning on or after 1 January 2019 Early adoption is permitted only if IFRS 15 is adopted at the same time.	The Group will apply the standard from its mandatory adoption date of 1 January 2019 The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

30 Summary of significant accounting policies (continued)

a. *Basis of preparation* (continued)

(viii) New standards, amendments and interpretations not yet adopted by the Group (continued)

Title	Key Requirements	Impact	Effective Date
Annual Improvements to IFRS Standards 2015-2017 Cycle	The following improvements were finalised in December 2017: • IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. • IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation. • IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. • IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.	No impact	Effective for annual periods beginning on or after 1 January 2019
Plan Amendment, Curtailment or Settlement – Amendments to IAS 19	The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must: • calculate the current service cost and net interest for the remainder of the reporting year after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change • any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling • separately recognise any changes in the asset ceiling through other comprehensive income.	No impact	Effective for annual periods beginning on or after 1 January 2019

30 Summary of significant accounting policies (continued)

a. *Basis of preparation* (continued)

(viii) New standards, amendments and interpretations not yet adopted by the Group (continued)

Title	Key Requirements	Impact	Effective Date
Interpretation 23 Uncertainty over Income Tax Treatments	The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses: • how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty • that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored • that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment • that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.	The impact of IFRIC 23 has not yet been determined by the Group.	Effective for annual periods beginning on or after 1 January 2019

30 Summary of significant accounting policies (continued)

a. *Basis of preparation* (continued)

(viii) New standards, amendments and interpretations not yet adopted by the Group (continued)

Title	**Key Requirements**	**Impact**	**Effective Date**
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 – is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The group has not early adopted this standard and is currently assessing the impact of this interpretation on the Group accounts.	The impact of IFRIC 23 has not yet been determined by the Group.	Effective for annual periods beginning on or after 1 January 2019
Definition of a Business – Amendments to IFRS 3	The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted • for as asset acquisitions.	No impact	Effective for annual periods beginning on or after 1 January 2020

30 Summary of significant accounting policies (continued)

a. *Basis of preparation* (continued)

(viii) New standards, amendments and interpretations not yet adopted by the Group (continued)

Title	Key Requirements	Impact	Effective Date
Definition of Material – Amendments to IAS 1 and IAS 8	The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify: • that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and • the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.	No impact	Effective for annual periods beginning on or after 1 January 2020

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

a. *Basis of preparation (continued)*

(viii) New standards, amendments and interpretations not yet adopted by the Group (continued)

Title	Key Requirements	Impact	Effective Date
Revised *Conceptual Framework for Financial Reporting*	The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include: • increasing the prominence of stewardship in the objective of financial reporting • reinstating prudence as a component of neutrality • defining a reporting entity, which may be a legal entity, or a portion of an entity • revising the definitions of an asset and a liability • removing the probability threshold for recognition and adding guidance on derecognition • adding guidance on different measurement basis, and • stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.	No impact	Effective for annual periods beginning on or after 1 January 2020

30 Summary of significant accounting policies (continued)

a. *Basis of preparation (continued)*

(viii) New standards, amendments and interpretations not yet adopted by the Group (continued)

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

b. *Foreign currency translation*

(i) *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.

(ii) *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.

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 Profit or Loss and Other 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 recognized as a separate component of equity.

30 Summary of significant accounting policies (continued)

c. Transactions with related parties *(Note 2.3)*

d. *Tangible and intangible assets (Note 5 a.)*

e. *Financial asset at fair value through profit and loss (Note 6 c.)*

f. *Current and deferred income tax (Note 8 c.)*

g. *Inventory (Note 10 a.)*

h. R*eceivables and prepayments (Note 11 a.)*

i. *Cash and cash equivalents (Note 13 a.)*

j. *Share capital (Note 15 a.)*

k. *Borrowings (Note 16 a.)*

l. *Retirement benefit (obligation/asset (Note 17 c.)*

m. *Asset retirement obligation (Note 18 a.)*

n. *Trade and other payables (Note 19 a.)*

o. *Revenue (Note 21 a.)*

p. *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 Company has access at that date. The fair value of a liability reflects its non-performance risk.

Certain of the Company’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 Company 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 Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

30 Summary of significant accounting policies (continued)

q. *Fair value measurement* (continued)

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 Company 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.

r. *Leases*

Determining whether an arrangement contains a lease

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

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements based on their relative fair values. If the Company 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 tangible and intangible assets that transfer to the Company substantially all 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.

31 Comparatives, restatements and reclassifications before reclassification of assets and liabilities held for distribution to owners

As in Note 30 a(ii), the comparative information in these consolidated financial statements are those of PETROTRIN. The presentation under PETROTIN 2018 numbers has been amended to reflect the fact that TPHL is a going concern and all amounts previously classified as current has been reclassified to non-current where applicable.

On and by virtue of the Miscellaneous Provisions Vesting (Heritage Petroleum, Paria Fuel Trading, Guaracara Refining Vesting) Act, 2018 (“Vesting Act”), certain operating assets of PETROTRIN relating to petroleum exploration and production, refining and marketing were vested to Heritage Petroleum Company Limited (“Heritage”), The Guaracara Refining Company Limited (“Guaracara”) and Paria Fuel Trading Company Limited (“Paria”) (together called “New Entities”). Based on the Act, certain assets and liabilities were reported as “Held for Distribution” in PETROTRIN’s 2018 Audited Financial Statements (“AFS”).

During the fiscal year ended 30 September 2019, the following comparative errors and omissions were noted, requiring adjustments, to amounts recognised and disclosed in the Statement of Financial Position in 2018 AFS as follows:

Comparatives

(i) *Statement of Financial Position*

a. Reclassification of amounts treated as transferred to/from the New Entities in 2018 as well as amounts remaining with:

(i) Reclassification of “Assets Held for distribution”

Certain R&M assets and dismantlement costs treated as assets being transferred to Paria and Guaracara respectively in the 2018 AFS, were not vested and have therefore been reclassified accordingly to tangible and intangible assets related to PETROTRIN.

Certain assets were also incorrectly treated as being transferred to Paria instead of Guaracara and vice versa in the 2018 AFS and certain amounts treated as being transferred to Heritage were in fact vested to Guaracara. This change in allocation of assets held for distribution resulted in an impairment loss that has now been recognised for these assets treated as being transferred to Guaracara as the carrying value of Guaracara’s assets exceeded the recoverable amounts stated in the independent valuation report. The reclassification of assets also affected dismantlement assets and dismantlement liabilities associated with “Assets Held for distribution” and associated ‘Liabilities held for distribution to owners’ in the 2018 AFS. This impact is described in Note 31(i)(b) below.

(ii) Inconsistent treatment of amounts transferred to Heritage in 2018

It was discovered that the dismantlement provision (liability) related to an E&P asset vested to Heritage was incorrectly classified as remaining with PETROTRIN. At the same time, the corresponding dismantlement asset associated with the E&P asset was reflected as an “Asset Held for distribution” to Heritage. These misstatements resulted in an overstatement of both the assets classified as ‘Held for distribution’ to Heritage and the provision for dismantlement related to PETROTRIN. The revisions made to the dismantlement provision related to the E&P asset also resulted in a negative dismantlement asset that has been recognised in Profit or Loss. These classification errors and misstatements have now been corrected.

31 Comparatives, restatements and reclassifications before reclassification of assets and liabilities held for distribution to owners (continued)

(i) *Statement of Financial Position* (continued)

b. Change in dismantlement provision and liabilities held for distribution to owners

The provision for dismantlement associated with the Guaracara and PETROTRIN assets were calculated on a current basis and the provision for dismantlement associated with the Paria assets was calculated using a ten (10) year time horizon. Due to the different time horizons used, the dismantlement provision needed to be adjusted to reflect the impact of the change in allocation of assets amongst Guaracara, Paria and PETROTRIN respectively (see 31(i)(a)(i) above).

The revised dismantlement provision to reflect the reclassification of assets showed the following:

- a net understatement in the dismantlement provision and dismantlement asset associated with Paria assets classified as 'Held for distribution' and the associated 'Liabilities held for distribution to owners' within R&M.

- a net overstatement in the related dismantlement liabilities associated with amounts recorded as 'Liabilities held for distribution to owners' for Guaracara assets within R&M. The corresponding Guaracara dismantlement asset was fully impaired in the 2018 AFS and this revised dismantlement provision resulted in a write-back of the overstated impairment expense recorded within Cost of Sales/Accumulated Deficit.

- a dismantlement provision associated with the assets treated as remaining with PETROTRIN. The corresponding dismantlement asset has now been impaired as there is no basis to support carrying forward this asset in PETROTRIN's books. This impairment expense is recorded within Cost of Sales/Accumulated Deficit.

c. Currency translation differences associated with impairment expense

During FY2018, impairment losses recognised in accordance with IAS 36 (*Impairment of Assets*) were determined in USD, Petrotrin's functional currency. PETROTRIN's audited financial statements were presented in TTD Presentation Currency. Following a review of these impairment adjustments recorded in the original 2018 Audited Financial Statements, it was noted that the presentation currency equivalent of the impairment loss for certain assets was erroneously taken up in Profit or Loss. Instead, the currency translation difference portion of this impairment should have been recognised in Other Comprehensive Income. In order to correct this error, these translation differences have now been reclassified between Cost of Sales/Administrative Expenses (Accumulated Deficit) and Other Comprehensive Income/Currency Translation Differences.

d. Other Currency translation differences related to R&M Assets

While attempting to reconcile the movement in assets classified as Held for Distribution to Guaracara in the 2018 AFS with the actual balances transferred to the new entities during FY2019, it was noted that the recoverable amount on an asset was omitted from the "Assets Held for Distribution" balance within tangible and intangible assets in the 2018 AFS and instead shown under currency translation differences. This amount has now been reclassified from currency translation differences to 'Assets held for Distribution'.

31 Comparatives, restatements and reclassifications before reclassification of assets and liabilities held for distribution to owners (continued)

(i) *Statement of Financial Position* (continued)

e. Other impairment adjustments related to assets classified as "Held for Distribution" to Guaracara
Following a review of the 2018 independent valuation report that was used to assess the recoverable amount of assets treated as 'Held for distribution' to Guaracara, it was noted that an impairment loss was not recognised for an asset which overstated the balance recorded as held for distribution. To correct this error, Assets held for distribution to Guaracara have now been reduced and a corresponding impairment loss has been recognised against Profit or Loss for this asset.

Restatements

f. Reversal of translation differences recognised on current tax liabilities

In accordance with the Petroleum Profits Taxes Act of the Republic of Trinidad and Tobago, PETROTRIN is required to pay Petroleum Profits Taxes ("PPT") and Supplemental Petroleum Taxes ("SPT") and this obligation is calculated in Trinidad and Tobago dollars (TTD) since annual tax returns are filed in the local currency (TTD). During a review of the outstanding taxes payable, it was discovered that certain amounts were recorded in the accounting system in USD, which generated a currency translation difference and overstated the current tax liabilities recorded in the Statement of Financial Position. This overstatement has now been corrected and corresponding adjustment has been made to Profit or Loss for the unrealized foreign currency difference as current taxes are monetary TTD liabilities in accordance with IAS 21 (*The Effects of Changes in Foreign Exchange Rates).* In FY 2017, the overstatement was recorded within Trade and other payables, and the relevant reclassifications have been made between Trade and other Payables and Accumulated Deficit to correct the overstated taxes payable.

g. Tax adjustments

Section 6C, Second Schedule of the Petroleum Profits Taxes Act 75.04 of the Republic of Trinidad and Tobago permits the deduction of certain taxes paid in determining the chargeable income or loss on which petroleum taxes payable are calculated. During a review of this calculation, it was noted that PETROTRIN claimed certain unpaid taxes since FY2015 as an allowable deduction in determining the chargeable income which understated current liabilities. This error resulted in an understatement of Taxation expense, Current tax liabilities and Deferred Income Taxes which have now been corrected.

h. Re-measurement of deferred income taxes

The reclassifications and restatements made to assets and liabilities treated as held for distribution to the New Entities as well as the restatements made to current tax liabilities impacted the net deferred taxes and resulted in a remeasurement of amounts between the deferred income tax assets and liabilities.

Reclassification

i. Reclassification of amounts 'Due to/from Related Parties'.

During the fiscal year ended 30 September 2019 certain amounts due to/from Related Parties were disclosed separately in the Statement of Financial Position. For ease of comparison, similar amounts for the fiscal years ended 30 September 2017 and 30 September 2018 respectively were also disclosed.

31 Comparatives, restatements and reclassifications before reclassification of assets and liabilities held for distribution to owners (continued)

(i) *Statement of Financial Position* (continued)

j. Foreign exchange differences on USD monetary item incorrectly recorded in Profit or Loss:

PETROTRIN's long term loans are denominated in USD which was the Company's functional currency in FY 2018. A realised exchange difference was incorrectly recognised on payments related to these USD loans in the 2018 Statement of Profit or Loss under 'Other Operating Income'. These amounts have now been reclassified to currency translation differences in Other Comprehensive Income.

In addition, where comparative numbers have been adjusted as at 30 September 2017 and 30 September 2018, these are shown and explained in the table below:

31 Comparatives, restatements and reclassifications before reclassification of assets and liabilities held for distribution to owners (continued)

	Note	Tangible assets	Assets held for distribution	Receivables and prepayments	Amounts due from related parties	Trade and Other Payables	Amounts due to related parties	Asset retirement obligation	Liabilities for distribution to owners	Deferred income Tax Asset	Deferred income Tax liability	Current tax liabilities	Accumulated deficit	Currency translation differences
		$	$	$	$	$	$	$	$	$	$	$	$	$
As previously reported (30 September 2017)		18,709,167	-	2,343,417	-	(5,616,483)	-	(3,603,040)	-	11,077,407	(10,212,662)	(2,254,175)	(1,232,225)	(498,787)
Reversal of translation differences recognised on Current Tax Liabilities	**31(i)(f)**	-	-	-	-	34,276	-	-	-	-	-	-	(34,313)	37
Adjustment for understated taxes payable	**31(i)(f)**	-	-	-	-	-	-	-	-	343,805	-	(367,976)	24,171	-
Reclassification of amounts due to/from related parties	**31(i)(h)**	-	-	(1,037,389)	1,037,389	1,552,683	(1,552,683)	-	-	-	-	-	-	-
Sub-total (Restatements)		**-**	**-**	**(1,037,389)**	**1,037,389**	**1,586,959**	**(1,552,683)**	**-**	**-**	**343,805**	**-**	**(367,976)**	**(10,142)**	**37**
Restated balance (30 September 2017)		**18,709,167**	**-**	**1,306,028**	**1,037,389**	**(4,029,524)**	**(1,552,683)**	**(3,603,040)**	**-**	**11,421,212**	**(10,212,662)**	**(2,622,151)**	**(1,242,367)**	**(498,750)**
As previously reported (30 September 2018)		77,757	14,526,535	3,071,640	-	(7,856,790)	-	(608,514)	(8,125,666)	5,100,052	(5,099,905)	(3,322,829)	14,932,414	(365,158)
Reclassification of amounts treated as transferred to/from the New Entities in 2018 as well as amounts remaining with PETROTRIN	**31(i)(a)**													
- Reclassification of assets to PETROTRIN	**31(i)(a)(i)**	339	(339)	-	-	-	-	-	-	-	-	-	-	-
- Reclassification of assets in R&M (HPCL/ GRC)	**31(i)(a)(i)**	-	(11,880)	-	-	-	-	-	-	-	-	-	11,880	-
- Reclassification of assets in R&M (GRC/Paria)	**31(i)(a)(i)**	-	(1,551)	-	-	-	-	-	-	-	-	-	1,551	-
- Inconsistent treatment of amounts transferred to Heritage	**31(i)(a)(ii)**	-	(340,792)	-	-	-	-	608,514	(243,973)	-	-	-	(23,770)	21
Change in dismantlement provision and liabilities held for distribution to owners (R&M assets)	**31(i)(b)**	-	-	-	-	-	-	-	--	-	-	-	-	-
- Changes to amounts held for distribution to Paria	**31(i)(b)**	-	491,154	-	-	-	-	-	(491,154)	-	-	-	-	-
- Changes to amounts held for distribution to GRC/PETROTRIN	**31(i)(b)**	-	-	-	-	-	-	(36,861)	528,827	-	-	-	(491,966)	-
Currency translation differences associated with impairment expense	**31(i)(c)**	-	-	-	-	-	-	-	-	-	-	-	133,194	(133,194)
Other Currency translation differences related to R&M Assets	**31(i)(d)**	-	9,599	-	-	-	-	-	-	-	-	-	32,273	(41,872)
Other impairment adjustments	**31(i)(e)**	-	(97,820)	-	-	-	-	-	-	-	-	-	91,333	6,487
Reversal of translation differences recognised on Current Tax Liabilities	**31(i)(f)**	-	-	-	-	-	-	-	-	-	-	93,411	(93,464)	53
Tax adjustments	**31(i)(g)**	-	-	-	-	-	-	-	-	-	-	(686,602)	686,602	-
Remeasurement of deferred income taxes	**31(i)(h)**	-	-	-	-	-	-	-	-	(128,991)	128,991	-	-	-
Reclassification of amounts due to/from related parties	**31(i)(i)**	-	-	(2,332,679)	2,332,679	2,854,260	(2,854,260)	-	-	-	-	-	-	-
Reclassification of foreign exchange difference on loan payments	**31(i)(j)**	-	-	-	-	-	-	-	-	-	-	-	42,746	(42,746)
Reversal of restructuring cost previously expensed		-	-	-	(33,966)	-	-	-	-	-	-	-	33,966	-
Other (rounding differences)		-	-	-	-	-	-	-	-	-	-	-	2	(2)
Sub-total (Restatements)		**339**	**48,371**	**(2,332,679)**	**2,298,713**	**2,854,260**	**(2,854,260)**	**571,653**	**(206,300)**	**(128,991)**	**128,991**	**(593,191)**	**424,347**	**(211,253)**
Restated balance (30 September 2018) before reclassification of assets and liabilities held for distribution to owners (Note 32)		**78,096**	**14,574,906**	**738,961**	**2,298,713**	**(5,002,530)**	**(2,854,260)**	**(36,861)**	**(8,331,966)**	**4,971,061**	**(4,970,914)**	**(3,916,020)**	**15,356,761**	**(576,411)**

31 Comparatives, restatements and reclassifications before reclassification of assets and liabilities held for distribution to owners (continued)

		SOCI							
Comparatives	**Note**	**Cost of sales**	**Administrative expenses**	**Marketing expenses**	**Other operating expenses**	**Impairment write-back related to investment**	**Other operating income**	**Tax**	**Currency translation differences**
		$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
As previously reported (year ended 30 September 2018)		(39,109,218)	(57,359)	(186,055)	(108,755)	43,289	309,352	(864,763)	(133,621)
Comparatives									
Inconsistent treatment of amounts transferred to Heritage	31(i)(a)(ii)	23,771							(21)
Reclassification of R&M assets held for distribution	31(i)(a)(i) 31(i)(b)) 31(i)(d)	446,260	(91,333)						35,385
Reversal of translation differences recognised on Current Tax Liabilities	31(i)(f)				59,151				(16)
Tax adjustments	31(i)(g)(h)							(662,432)	-
Adjustment related to FX difference on USD interest payments	31(i)(j)				86,688		(129,434)		42,746
Reversal of restructuring cost previously expensed		(18,442)	(15,524)						
Rounding difference									2
Reclassifications									
Reclassification depreciation expense	31(ii)(a)	(2,126)		34,874	(32,748)				
Reclassification of impairment expense related to investments in LATT, LABIDCO and WGTL-TL	(31(ii)(c)	79,255	(56,532)		(25,004)	2,285	(4)		
Reclassification of currency translation differences related to impairment losses	(31)(i)(c)	(140,071)	6,877						**133,194**
Net entry restatements and reclassifications		**388,647**	**(156,512)**	**34,874**	**88,087**	**2,285**	**(129,438)**	**(662,432)**	**211,290**
Comparatives (year ended 30 September 2018)		**(38,720,571)**	**(213,871)**	**(151,181)**	**(20,668)**	**45,574**	**179,914**	**(1,527,195)**	**77,669**

31 Comparatives, restatements and reclassifications before reclassification of assets and liabilities held for distribution to owners (continued)

(ii) *Statement of Comprehensive Income (SOCI)*

The comparatives in Note 31(i) impacted the operating results disclosed in the Statement of Comprehensive Income for the year ended 30 September 2018. Certain reclassifications were also made between the functional cost categories as follows:

a. Reclassification of depreciation expense incorrectly classified under Marketing to Cost of Sales and Other Operating Expenses.

b. Reclassification of amounts between currency translation differences in other comprehensive income and the functional cost categories in the statement of profit or loss (refer to Notes 31(i)(c) and 31(i)(d)).

c. Reclassification of impairment write-back/expense related to investments between the functional cost categories.

The table below summarizes the restatements and reclassifications made in the Statement of Comprehensive Income for the year ended 30 September 2018.

(iii) *Statement of Cash Flows*

The table below summarizes the restatements and reclassifications impact on Statement of Cash Flow for the year ended 30 September 2018.

			SOCI	
Comparatives	**Note**	**Cash flows from operating activities**	**Cash flows from investing activities**	**Currency translation differences relating cash and cash equivalents**
		$	**$**	**$**
As previously reported (year ended 30 September 2018)		1,981,548	(569,572)	(50,060)
Reclassifications and comparatives				
Adjustment related to FX difference on USD interest payments	31(i)(j)	(42,746)		42,746
Reclassification of impairment expense related to investments in LATT, Labidco and WTL-TL	31(ii)(c)	(2,285)		(36)
Net disbursements / recoveries on loans to related parties	31(ii)(c)		2,321	
Interest in other entities (PFLE)	32	(439)	439	
Net comparatives and reclassifications		(45,470)	2,760	42,710
Comparatives (year ended 30 September 2018)		**1,936,078**	**(566,812)**	**(7,350)**

32 Reclassification of assets and liabilities held for distribution to owners

TPHL came into existence as a result of a restructuring of PETROTRIN in the financial year ended 30 September 2018 (see Note 1, 30(a)(i)). The restructuring activities were accounted for in PETROTRIN'S consolidated financial statements as at 30 September 2018 with significant amounts being presented as 'Assets and liabilities held for distribution to owners.'

As at 30 September 2019, predecessor accounting applies using PETROTRIN'S 2018 financial statements as the comparatives. As part of the reorganisation, the former shareholders of PETROTRIN, by "Deed of Surrender" dated 29 November 2018, surrendered all their respective shareholding in PETROTRIN'S issued share capital. On 30 November 2018, one share was issued by PETROTRIN to TPHL, making TPHL the sole shareholder of PETROTRIN

Amounts previously reported as assets and liabilities held for distribution to owners as at 30 September 2018 have been reclassified to their respective categories in the prior year and the comparatives used in these 30 September 2019 financial statements.

32 Reclassification of assets and liabilities held for distribution to owners (continued)

	Tangible assets	Intangible assets	Investments in PFLE	Cash in escrow	Inventories	Receivables and prepayments	Cash and cash equivalents	Assets held for distribution	Short-term borrowings	Trade and Other Payables	Asset retirement obligation	Liabilities for distribution to owners
	$	$	$	$	$	$	$	$	$	$	$	$
Restated balance (30 September 2018) before Reclassification of assets held for distribution (Note 31)	78,096	-	-	-	400	738,961	407,501	14,574,906	(3,418,351)	(5,002,530)	(36,861)	(8,331,966)
Reclassification assets and liabilities held for distribution	4,322,064	7,177,790	439	238,612	2,711,775	40,776	83,450	(14,574,906)	(64,331)	(100,538)	(8,167,097)	8,331,966
Total	4,400,160	7,177,790	439	238,612	2,712,175	779,737	490,951	-	(3,482,682)	(5,103,068)	(8,203,958)	-

33 Segment Information

The Group is organised and managed based on two reportable segments, E&P and Terminalling. These are the reportable segments used by the Board of Directors and Management, as the chief operating decision makers for decision making, accessing performance, determining strategies and allocating resources. These reported segments are closely integrated as such some of the operational (assets, liabilities, income and expenses) are not separately identifiable. These amounts are shown as 'other' in the table below.

Refining and Marketing (R&M) and terminalling activities were accounted for as described in Note 14.

The segment results for the year ended 30 September 2019 are as follows:

	E&P	**Other**	**Total**	**Discontinued Operations**
	$	**$**	**$**	**$**
Total segment revenue	6,254,358	5,069	6,259,427	9,315,616

Revenue streams:

The Group generates revenue from crude oil sales, natural gas sales, royalty income and other revenues (see Note 21, 24)

	E&P	Other	Total	Discontinued operations
Refined products sales	-	-	-	9,315,616
Crude oil sales	5,469,076	-	5,469,076	-
Natural gas sales	479,547	-	479,547	-
Royalty income	305,735	-	305,735	-
Other revenue	-	5,069	5,069	-
	6,254,358	5,069	6,259,427	9,315,616

33 Segment Information (continued)

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

	E&P	Other	Total	Discontinued Operations
	$	$	$	$
Depreciation and amortisation	993,426	23	993,449	178,462
Impairment	82,894	-	82,894	-

The segment assets and liabilities at 30 September 2019 and capital expenditure for the year then ended are as follows:

	E&P	Other	Total	Discontinued Operations
	$	$	$	$
Assets	9,436,831	2,869,648	12,306,479	4,418,846
Liabilities	7,422,637	23,481,746	30,904,383	1,753,487
Capital expenditure	234,454	-	234,454	7,586

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

	E&P	Other	Total	Discontinued Operations
	$	$	$	$
Total segment revenue	1,132,373	6,442	1,138,815	23,403,861

Revenue streams:

The Group generates revenue from crude oil sales, natural gas sales, royalty income and other revenues (see Note 21, 24).

	E&P	Other	Total	Discontinued operations
Refined products sales	-	-	-	23,403,861
Crude oil sales	289,364	-	289,364	-
Natural gas sales	410,767	-	410,767	-
Royalty income	432,242	-	432,242	-
Other revenue	-	6,442	6,442	-
	1,132,373	6,442	1,138,815	23,403,861

33 **Segment Information** (continued)

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

	E&P	**Other**	**Total**	**Discontinued Operations**
	$	**$**	**$**	**$**
Depreciation and amortisation	866,108	23	866,131	1,001,801

Major Customers

The group generates revenue from sales of crude oil and refined products on both the international and local market. The customers who contributed more than 10% of the Group revenues are as follows:

	No. of Customers	2019	2018
Crude Oil Sales	1	3,222,453	--
Refined product sales	1	--	5,280,887

34 Subsequent events

As of the date of approval of these financial statements by the Directors, the following subsequent events were identified:

(a) The letter of credit established to meet Heritage's 15% share of its abandonment liability with respect to its TSP Joint Venture was increased to US$22,856 effective 9 December 2019. See Note 28 b. This was subsequently increased to US$23,112 effective 31 December 2020 and US$23,203 effective 31 December 2021.

(b) During FY2020 there has been a significant deterioration in the market conditions for the Group's crude income due to the impact of the worldwide pandemic COVID-19. The ongoing operations of the Group are dependent on its ability to effectively utilize its cash reserves and the Directors recognize the continuing operations of the Group requires the optimization of planned activities to preserve cash. The Group responded to the pandemic by:

- Crude oil was stored and strategically released into the market when Management believed the conditions were most favorable.
- Reduction in planned operational expenditure in all segments of the business by reducing planned expenditure, re-prioritizing activities to support the ongoing viability of the business and slowed the pace of recruitment.

To date, Management has designed and implemented certain measures into the annual planning process so that in the event there is a similar deterioration of the market conditions, the Group will be able to adapt. Additionally, the Group has the support of the Ultimate Shareholder who may intervene should the need arise.

The Directors have a reasonable expectation that the ongoing actions will be successful in the event of market deterioration and therefore the consolidated financial statements have been prepared on the going concern basis. It should be noted that Heritage and Paria have published results for the period ended 30 September 2020 and unaudited results for the period 30 June 2021, the periods during the difficult market conditions and some recovery of these market conditions.

Subsequent to year end 2019, crude prices have average US$47.53/bbl for year ended 30 September 2020, and US$62.15/bbl for year ended 30 September 2021 and US$79.80/bbl for 3 months ended 31 December 2021.

(c) In addition, the Directors have obtained a letter of financial support from its Ultimate Shareholder, the Government of the Republic of Trinidad and Tobago which can be called upon if needed to meet its legal and financial obligations as they fall due.

(d) The Group entered into a Sale and Purchase Agreement for its 100% interest in Block 3A with The National Gas Company of Trinidad and Tobago. The sale of Block 3A was concluded on the 31st December 2020.

(e) At the date of the issue of the financial statements, the Group is engaged in discussions with external parties to sell its interest in NCMA Block 9, NCMA Block 22 and NCM Block 4 and the Group's interest in PFLE subject to government and regulatory approvals. The plain sale was not concluded at the date of issue of these financial statements

(f) On October 2020, Trinidad Northern Areas Limited (TNA) was struck off the Companies Register.

34 Subsequent events (continued)

(g) The Minister of Finance of the Government of the Republic of Trinidad and Tobago identified Patriotic Energies and Technologies Company Limited as the preferred bidder for the refining and terminalling assets of The Guaracara Refining Company and Paria Fuel Trading Company Limited. Negotiations have resumed from the delay caused by the restrictions as a result of CoVid-19 pandemic in Trinidad and Tobago between the preferred bidder and the Government.

On 18 February 2021 – Minister of Finance announced that GORTT has rejected Patriotic's final proposal and affirmed GORTT's intention to reoffer the assets for market consideration.

On the 26 June 2021, Trinidad Petroleum Holdings Limited issued a Request For Proposals for the potential sale, lease or joint venture transaction of the refining assets of The Guaracara Refining Company Limited. Interested parties who possessed the requisite expertise were invited to participate in the process. These parties will be given an opportunity to submit a non-binding proposal at the end of September 2021, following which a preferred bidder will be selected to conduct detailed due diligence and negotiate definitive transaction agreements. This process is expected to be completed in the FY 2022 financial year.

On 13 January 2022, Paria Fuel Trading Company Limited was reclassified as continuing operations as it no longer met the criteria of IFRS 5 Assets Held For Sale with effect from 30 September 2021. Had Paria Fuel Trading Company Limited been classified as continuing in these 2019 consolidated financial statements, the impact would have been as follows:

	Asset retirement obligation TT$ 000's	**Property plant and equipment TT$ 000's**	**Profit/loss TT$ 000's**
Depreciation	--	(68,000)	68,000 charge to operating expenses
Remeasurement of asset retirement obligation	116,143	(116,115)	28 charge to net finance costs
Total	116,143	(184,115)	68,028

The financial implications in following years will be similar in nature in that the property plant and equipment would continue to be depreciated and the asset retirement obligation will be adjusted for the unwinding of the discount rate and any other associated changes as required under the accounting requirements for asset retirement obligations.

34 Subsequent events (continued)

(h) On 18 February 2021, a new exploration and production license was issued in the offshore acreage covering 97,000 hectares. This new license combines the entire acreage of both the previous Trinmar Licensed Area and the North Marine Licensed Area. The license is for a six (6) year period. Heritage entered a farm in arrangement with EOG Resources Trinidad Limited (EOG) for 14,000 hectares in the southern region of the Trinidad Northern Areas (TNA) Block. In this arrangement EOG is the operator and will hold a 65% participating interest with Heritage retaining the remaining 35%.

(i) The Group had a number of ongoing litigation proceedings by contractors and third parties, one of which has been finally concluded after months of negotiation and is required to pay $61 million (excluding A&V Oil and Gas Limited settlement, refer to Note k below). An accrual for this amount has been made in the financial statements as the litigation relates to transactions which took place prior to financial year 2019.

(j) A dispute between PETROTRIN and A&V Oil and Gas Limited (A&V Oil) was resolved and a settlement agreement in favour of A&V Oil was reached in the sum of TT$120.6M. An accrual for this amount has been made in the financial statements as the litigation relates to transactions which took place prior to financial year 2019. Of this amount, TT$85.7M and US$2.5M was paid on September 27, 2021. Arbitration cost of TT$8.8M was paid on 29 November 2021 and damages totalling TT$18.0M was paid on 26 January 2022.

Legal costs incurred by PETROTRIN for services provided in financial year 2019 totaled TT$1.2M which was also accrued in the 2019 financial statements.

The parties also agreed to execute an Enhanced Production Services Contract (’EPSC’) approved by the Board of Heritage Petroleum Company Limited and consented to by the Minister of Energy and Energy Industries. The ‘EPSC’ shall be issued by Heritage in favour of A&V Oil and shall be in relation to the Catshill Field for a term of ten (10) years with the standard renewal provision commencing on 1st October 2021.

(k) There were a number of industrial relation matters taken up by employees, several of which were concluded subsequent to the financial statement date. The Group has paid $4.0 million towards these matters to date.

(l) The bad and doubtful debt provision for Niquan Energy Trinidad Limited was reduced by $8 million as a result of their settlement of the same amount in financial year 2020.

34 Subsequent events (continued)

(m) NiQuan Energy Trinidad Limited pursuant to a Sale and Purchase Agreement dated 19th May 2016 issued Preference shares to PETROTRIN to the value of US$25 million with a cumulative compounded dividend of 6% per annum for the WGTL Plant. Redemption of US$12.5 million worth of these shares along with accrued interest were due two (2) years after the closing date (the 'First Redemption Date"), whilst the remaining US$12.5 million worth of preference shares (along with all accrued interest) one (1) year after the First Redemption Date ('Second Redemption Date').

Niquan was unable to comply with the first redemption which was due on 11 July 2020 and executed a First Unsecured Promissory Note on this date for the payment of the Principal Debt together with interest accrued on the maturity of 11 January 2021. On 11 January 2021, Niquan Energy Trinidad Limited submitted a Notice of Extension of the maturity date (as defined under the First Unsecured Promissory Note) by a period of six (6) months.

(n) Based on information received from Legal Counsel, the contingency liability note has been updated to reflect changes in the status of the legal and industrial matters.

(o) On 18 November 2020, Heritage received reports of an oil spill in the vicinity of New Cut Channel, Woodland emanating from its 16-inch Trunk Pipeline. The leak was promptly contained on 18 November 2020. Most of the remediation work was completed with the remainder to be completed in FY 2022.

(p) On 7 August 2021, oil was observed in the Point-a-Pierre port and a leak was subsequently discovered on one of Paria's pipelines. The leak was promptly isolated and contained, followed by surveillance and clean-up operations. Remedial and clean up efforts are on-going and is expected to be completed in FY 2022.

(q) On 17 November 2021, oil was observed in the vicinity of Vessigny River. Heritage immediately directed the lease operator to suspend pumping operations and the pipeline was isolated. Vacuum trucks have been mobilized to recover the spill oil and excavation equipment remain on site to assist with containment and repair works. Remedial and clean up efforts are expected to be completed in FY 2022.

(r) The Finance Act, 2021 which was assented by the President of the Republic of Trinidad and Tobago on July 14, 2021 includes a Tax Amnesty which provides for a waiver of penalty and interest on taxes due and payable for the years up to December 31, 2020 and during the period 1 January 2021 to 31 May 2021 where such taxes have been paid prior to 5 July 2021.

As a result of this, interest and penalties accrued as at 30 September 2019, by Paria amounting to $53,237, was reversed (Note 14 Administrative expenses).

(s) In FY 2020, due to the completion of the field gas compression study in the NCMA 1 – Block 9, there were increase reserves which resulted in a reversal of $24,542 of the impairment charge of $82,894 (Note 23).

34 Subsequent events (continued)

(t) Loan guarantee: event of default

These consolidated financial statements have been prepared on a going concern basis, which assumes the Group will be able to meet its legal and financial obligations. The validity of the going concern basis is dependent on finances being available for the continuing working capital requirements of the Group for the foreseeable future, being a period of at least twelve months from the reporting date of the financial statements.

The ongoing operations of the Group are dependent on its ability to utilise effectively its cash reserves and the directors recognise the continuing operations of the Group requires the optimisation of planned activities to preserve cash.

The subsidiaries of the Group (excluding PETROTRIN) is a Guarantor of the senior secured and unsecured debt obligations. Collectively, TPHL, Paria and Guaracara are the Loan Parties (Note 16).

TPHL and the Guarantors are currently in default of certain covenants of the Credit Agreement and Indenture.

The directors and management have been advised that the Loan Parties, in consultation with the Administrative Agent of the Lenders, have approved a plan to address such defaults with the Lenders as part of the refinancing currently being undertaken and is expected to be completed within twelve months of approval of these consolidated financial statements. In November 2020, the Loan Parties worked with the lenders to successfully execute a wavier for similar previous events of default under the Credit Agreement. With this recent precedent, combined with the positive nature of discussions between the Loan Parties and the Lenders to date, the directors and management are of the view that there is a strong likelihood that the execution of the waivers for the current events of default, is expected within twelve months of the approval of the consolidated financial statements.

TPHL and the Guarantors, through its quarterly compliance reporting process have kept the Administrative Agent of the lenders apprised of these recent “events of default”. The Board and Management working jointly with the Administrative Agent of the Lenders have agreed and approved a plan to address these “events of default” as part of the current refinancing process being undertaken which is expected to be completed within twelve months of the approval of the consolidated financial statements.

34 Subsequent events (continued)

(u) Loan guarantee: event of default (continued)

The current defaults can be divided in three different groups:

First, failure to deliver its audited group consolidated financial statements for the period ended 30 September 2019, which triggered an event of default under the Credit Agreement and a default under the Indenture (the “FS Default”).

Second, the Loan Parties have performed certain actions as part of their operations that are not permitted to be performed during the period in which a default or event of default has occurred and has continued to occur. Such actions include, but are not limited to, incurring capital expenditures relating to exploration and for the development of proved, undeveloped reserves and making investments in Petrotrin for the payment of interest in respect of Petrotrin’s short-term debt. Because the Loan Parties have performed such actions during the FS Default, other defaults and/or events of defaults have been triggered under the Credit Agreement and/or the Indenture.

Third, the Loan Parties have failed to comply with certain other covenants under the Credit Agreement and the Indenture that are unrelated to the occurrence and continuance of the FS Default, including, but not limited to, maintaining certain required financial ratios during the fiscal quarters ended 30 September 2020 and 31 December 2020 and paying certain insurance costs on behalf of Petrotrin, which payments constitute restricted payments. These actions have triggered defaults and/or events of defaults under the Credit Agreement and/or the Indenture.

In addition, an event of default under the Credit Agreement may under certain circumstances, trigger an event of default under the Indenture. Similarly, a default under the Indenture may under certain circumstances triggers an event of default under the Credit Agreement.

Under the Indenture, a default resulting from the failure to comply with the covenants thereunder (other than a payment default) is not an “event of default” until the Trustee (at the direction of Holders holding more than 50% in aggregate principal amount of the Notes) or the Holders holding more than 25% in aggregate principal amount of the Notes then outstanding notify the Group (and in the case of such notice by Holders, the Group and the Trustee) of the default and the Group does not cure such default within the time specified after receipt of such notice. No such Notice of Default has been received by the Group as of the approval date of these financial statements. However, an event of default exists under the Indenture’s cross-default provision resulting from the events of default existing under the Credit Agreement.

34 Subsequent events (continued)

(u) Loan guarantee: event of default (continued)

Notwithstanding the above, (i) the consent of Lenders holding more than 50% of the aggregate principal amount of the loans is still required to accelerate the Loans under the Credit Agreement, and (ii) the Holders holding more than 25% in aggregate principal amount of the Notes then outstanding still need to direct the Trustee to, in which case the Trustee by written notice to the Group, or the Required Holders by written notice to the Group and the Trustee may, declare the principal and accrued and unpaid interest on all the Notes to be due and payable. Upon such a declaration, such principal and interest shall be due and payable immediately. It is important to note that no such consent on the part of the Lenders or direction on the part of the Holders has been occurred.

Additionally, only the voting creditors holding more than 50% of the aggregate principal of the claims outstanding (i.e., combined exposure of loans and bonds) shall be entitled to enforce on the collateral.

It should be noted that none of the events of default under the Credit Agreement or Indenture are debt service or payment related defaults, as the Group continues to make all interest and principal payments under the terms of the Credit Agreement and the Indentures during 2020, 2021 and 2022 as follows:

Payments made in 2020	**Credit Agreement TT$**	**Indenture TT$**	**Total TT$**
Interest	323,365	466,827	790,192
Principal	-	139,192	139,192
Total	323,365	606,019	929,384
Payments made in 2021			
Interest	267,238	459,898	727,136
Principal	749,658	140,044	889,702
Total	1,016,896	599,942	1,616,838
Payments made 1 October 2021 to 31 January 2022			
Interest	68,548	132,200	200,748
Principal	196,153	70,057	266,210
Total	264,701	202,257	466,958