Trinidad Petroleum Holdings Limited

Consolidated Financial Statements

30 September 2019

(Expressed in Thousands of Trinidad and Tobago Dollars)

Trinidad Petroleum Holdings Limited

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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 statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;

- Ensuring that the Group keeps proper accounting records;

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

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

Chief Executive Officer	Chief Financial Officer
16 May 2020	16 May 2020

Independent Auditor's Report

Independent Auditor's Report (Continued)

Independent Auditor's Report (Continued)

Independent Auditor's Report (Continued)

Independent Auditor's Report (Continued)

Independent Auditor's Report (Continued)

Trinidad Petroleum Holdings Limited

Consolidated Statement of Financial Position

(Expressed in Thousands of Trinidad and Tobago Dollars)

			As at 30 September	
		2019	**2018 (Restated)**	**2017**
ASSETS	**Note**	$	$	$
Non-current assets				
Property, plant and equipment and intangible assets	5	5,962,405	-	18,709,167
Intangible assets and goodwill		-	-	4,703,422
Available-for-sale financial instruments		-	-	2,112
Investment in jointly controlled entities	1,7d	1,414	-	-
Investment – other		-	-	23,827
Investment in subsidiaries	7a	5	-	-
Deferred income tax assets	9c	1,354,987	-	11,077,407
Income taxes recoverable		177	-	530,683
Cash in escrow	8	220,909	-	211,948
		7,539,897	-	35,258,566
Current assets				
Property, plant and equipment and intangible assets	5	65,624	78,072	-
Intangible assets		-	-	-
Available-for-sale financial instruments	6	1,714	2,930	-
Investment – other		-	-	-
Deferred income tax assets		-	5,048,471	-
Income taxes recoverable	9e	530,506	530,683	-
Inventories	10	373,177	400	2,133,321
Receivables and prepayments	11a	1,665,704	1,277,789	1,306,028
Due from related parties	11b	(370,552)	1,793,851	1,037,389
Short-tem investments	12	414,783	95,736	536,646
Cash and cash equivalents	13	1,732,774	311,765	315,576
Assets classified as held for distribution to owners	14	-	14,419,026	-
		4,413,730	23,558,723	5,328,960
Assets held for sale	15	4,135,011	-	-
		8,548,741	**23,558,723**	**5,328,960**
Total assets		**16,088,638**	**23,558,723**	**40,587,526**

Trinidad Petroleum Holdings Limited

Consolidated Statement of Financial Position (continued)

(Expressed in Thousands of Trinidad and Tobago Dollars)

		As at 30 September		
		2019	2018 (Restated	2018
EQUITY AND LIABILITIES	**Note**	$	$	$
Capital and reserves attributable to equity holders of the Company				
Share capital	16	-	2,272,274	2,272,274
Accumulated deficit		(3,892,774)	(14,569,800)	1,232,225
Consolidation reserve		(12,297,526)	-	-
Currency translation differences		373,506	365,158	498,787
		(15,816,794)	(11,932,368)	4,003,286
Non-controlling interests		(60,567)	(58,783)	(58,554)
Total equity		**(15,877,361)**	**(11,991,151)**	**3,944,732**
Liabilities				
Non-current liabilities				
Borrowings	17	8,002,351	-	7,384,200
Deferred income tax liabilities	9c	1,355,641	-	10,212,662
Retirement benefit obligation – pension benefits	18a	418,500	84,400	734,200
Retirement benefit obligation – medical benefits	18b	39,400	130,200	2,536,700
Provisions	19	5,070,297	-	3,598,467
		14,886,189	**214,600**	**24,466,229**
Current liabilities				
Trade and other payables	20a	2,586,799	5,002,093	5,616,483
Due to related parties	20b	3,462,738	2,854,697	-
Deferred income tax liabilities	9c	33,665	5,048,324	-
Current tax liabilities	9f	6,228,488	3,322,829	2,254,175
Current portions of long-term borrowings	17	139,620	7,424,608	482,018
Short-terms loans	21	2,881,589	3,418,351	3,819,316
Provisions	19	30,478	36,861	4,573
Liabilities directly associated with assets held for distribution to owners	14	-	8,227,511	-
		15,363,377	35,335,274	12,176,565
Liabilities directly associated with the assets held for sale	15	1,716,433	-	-
		17,079,810	35,335,274	12,176,565
Total liabilities		**31,965,999**	**35,549,874**	**36,642,794**
Total equity and liabilities		**16,088,638**	**23,558,723**	**40,587,526**

The notes on pages 11 to 108 are an integral part of these financial statements.

On 16 May 2020, the Board of Directors of Trinidad Petroleum Holdings Limited authorised these financial statements for issue.

Director

Director

Trinidad Petroleum Holdings Limited

Consolidated Statement of Comprehensive Income

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Note	As at 30 September 2019 $	2018 $ (Restated)
Continuing operations:			
Revenue	**22**	5,403,278	24,542,676
Cost of sales	23	(3,502,991)	(38,746,604)
Gross profit/(loss)		1,900,287	(14,203,928)
Administrative expenses	23	(90,077)	(57,359)
Marketing expenses	23	(625)	(186,055)
Other operating expenses	23	(18,584)	(108,755)
Impairment write back	24	(82,894)	43,289
Other operating income	25	(34,302)	309,352
Operating profit/(loss)		1,673,805	(14,203,456)
Finance income		12,072	2,170
Finance cost-bank borrowings		(774,035)	(866,491)
Finance cost-dismantlement		(290,934)	(192,727)
Net finance costs	26	(1,052,897)	(1,057,048)
Share of profit of equity-accounted investee, net of tax		977	--
Profit/(loss) before tax from continuing operations		621,885	(15,260,504)
Income tax expenses	9a	(155)	(864,763)
Profit/(loss) for the period from continuing operations		621,730	(16,125,267)
Discontinued operations			
Loss after tax for the period from discontinued operations	15	(4,147,188)	--
Profit/(loss) for the period		(3,525,458)	(16,125,267)

In 2018 the basis of preparation was non going concern due to the decision taken by the Board of Directors as explained in Note 1. In the current year, the basis of preparation is going concern.

The notes on pages 11 to 108 are an integral part of these financial statements.

Trinidad Petroleum Holdings Limited

Consolidated Statement of Comprehensive Income (continued)
(Expressed in Thousands of Trinidad and Tobago Dollars)

	As at 30 September 2019 $	2018 $ (Restated)
Other comprehensive income/(loss)		
Items not classified to profit and loss		
Currency translation differences	8,613	(133,621)
Re-measurements experience adjustments on retirement benefit obligation - pension benefits	(360,000)	8,700
Re-measurements experience adjustments on retirement benefit obligation - medical benefits	(9,100)	314,300
Income tax credit on other comprehensive income	--	--
	(360,487)	189,379
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	(360,487)	189,384
Total comprehensive loss	(3,885,945)	(15,935,883)
Profit /(loss) attributable to:		
Equity holders of the Company	(3,523,674)	(16,125,030)
Non-controlling interests	(1,784)	(237)
	(3,525,458)	(16,125,267)
Total comprehensive loss attributable to:		
Equity holders of the Company	(3,884,161)	(15,935,646)
Non-controlling interests	(1,784)	(237)
	(3,885,945)	(15,935,883)

In 2018 the basis of preparation was non going concern due to the decision taken by the Board of Directors as explained in Note 1. In the current year, the basis of preparation is going concern.

The notes on pages 11 to 108 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)

	Stated capital $	Consolidation reserve $	Currency translation difference $	Accumulated deficit $	Total $	Non controlling interest $	Total equity $
Year ended 30 September 2019							
Restated balance as at 01 October 2018	2,272,274	--	365,158	(14,569,800)	(11,932,368)	(58,783)	(11,991,151)
Surrender of shares PCTT	(2,272,274)	2,272,274	--	--	--	--	--
Transfer to consolidation reserve	--	(14,569,800)	--	14,569,800	--	--	--
Total Comprehensive losss for the year	--	--	--	(3,523,674)	(3,523,674)	(1,784)	(3,525,458)
Other comprehensive income:							
Currency translation differences	--	--	8,613	--	8,613	--	8,613
Re--measurements experience adjustments on defined benefit obligation – pension	--	--	--	(360,000)	(360,000)	--	(360,000)
Re--measurements experience adjustments on defined benefit obligation – medical	--	--	--	(9,100)	(9,100)	--	(9,100)
Change in fair value of available for sale financial instruments	--	--	--	--	--	--	--
Total other comprehensive loss	--	--	8,613	(369,100)	(360,487)	--	(360,487)
Total comprehensive loss for the year	--	--	8,613	(3,892,774)	(3,884,161)	(1,784)	(3,885,945)
Balance as at 30 September 2019	--	(12,297,526)	373,771	(3,892,774)	(15,816,529)	(60,567)	(15,877,096)

Trinidad Petroleum Holdings Limited

Consolidated Statement of Changes in Equity (continued)

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Stated capital	Currency translation difference	Accumulated deficit	Total	Non controlling interest	Total equity
	$	$	$	$	$	$
Year ended 30 September 2018						
Balance as at 01 October 2017	2,272,274	498,787	1,232,225	4,003,286	(58,554)	**3,944,732**
Total Comprehensive loss for the year as previously reported	-	-	(16,487,644)	(16,487,644)	(237)	**(16,487,881)**
Revised impairment and dismantlement calculation			338,843	338,843	-	**338,843**
Write back DDA for Pt. Fortin Refinery			23,771	23,771	-	**23,771**
Loss for the year - (restated)	-	-	(16,125,030)	(16,125,030)	(237)	**(16,125,267)**
Other comprehensive income:						
Currency translation differences	-	(133,629)	-	(133,629)	8	**(133,621)**
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 (loss)/income	-	(133,629)	323,005	189,376	8	**189,384**
Total comprehensive (loss)/income for the year	-	(133,629)	(15,802,025)	(15,935,654)	(229)	**(15,935,883)**
Balance as at 30 September 2018 - (restated)	**2,272,274**	**365,158**	**(14,569,800)**	**(11,932,368)**	**(58,783)**	**(11,991,151)**

In 2018 the basis of preparation was non going concern due to the decision taken by the Board of Directors as explained in Note 1. In the current year, the basis of preparation is going concern.

The notes on pages 11 to 108 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)

	Stated capital	Currency translation difference	Accumulated deficit	Total	Non controlling interest	Total equity
	$	$	$	$	$	$
Year ended 30 September 2017						
Balance as at 01 October 2016	2,272,274	550,863	3,588,579	6,411,716	(54,840)	**6,356,876**
Total Comprehensive loss for the year	-	-	(2,190,775)	(2,190,775)	(3,428)	**(2,194,203)**
Other comprehensive income:						
Currency translation differences	-	(52,076)	-	(52,076)	(286)	**(52,362)**
Re-measurements experience adjustments on defined benefit obligation - pension	-	-	(406,800)	(406,800)	-	**(406,800)**
Re-measurements experience adjustments on defined benefit obligation - medical	-	-	165,600	165,600	-	**165,600**
Change in fair value of available for sale financial instruments	-	-	5	5	-	**5**
Income tax expense on other comprehensive income	-	-	75,616	75,616	-	**75,616**
Total other comprehensive (loss)/income	-	(52,076)	(165,579)	(217,655)	(286)	**(217,941)**
Total comprehensive (loss)/income for the year	-	(52,076)	(2,356,354)	(2,408,430)	(3,714)	**(2,412,144)**
Balance as at 30 September 2017	**2,272,274**	**498,787**	**1,232,225**	**4,003,286**	**(58,554)**	**3,944,732**

Trinidad Petroleum Holdings Limited

Consolidated Statement of Cash Flows

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Note	Year ended 30 September 2019 $	2018 $ (Restated)
Cash flows from operating activities:			
Cash generated from operations	13c	3,996,854	1,981,548
Tax recoverable		6,043	--
Net cash generated from operating activities		4,002,897	1,981,548
Cash flow from investing activities:			
Purchase of property, plant and equipment and intangible assets		(192,522)	(605,289)
Decrease/(increase) in cash escrow		17,703	(31,618)
Recovery on loans to related parties		-	68,795
Disbursements of loans to related parties		-	(2,830)
Investments in jointly controlled entities		-	(439)
(Increase) / decrease other investments		(319,250)	440,910
Interest received		12,072	1,809
Net cash used in investing activities		(482,027)	(128,662)
Cash flows from financing activities:			
Proceeds from long--term borrowings		7,741,510	-
Repayment of long--term borrowings		(8,181,413)	(391,281)
Proceeds from short--term loans		1,201,095	7,628,894
Repayment of short--term loans		(1,794,545)	(8,031,174)
Interest paid		(1,066,508)	(929,626)
Net cash used in financing activities		(2,099,861)	(1,723,187)
Currency translation differences relating to cash and cash equivalents		-	(50,060)
Increase in cash and cash equivalents		1,421,009	79,639
Cash and cash equivalents at start of year		311,765	315,576
		1,732,774	395,215
Less amounts held for distribution		-	(83,450)
Cash and cash equivalents at end of year		1,732,774	311,765
Represented by:			
Cash and cash equivalents		1,732,774	311,765

In 2018 the basis of preparation was non going concern due to the decision taken by the Board of Directors as explained in Note 1. In the current year, the basis of preparation is going concern.

The notes on pages 11 to 108 are an integral part of these financial statements.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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.

TPHL was formed following the restructuring of Petroleum Company of Trinidad and Tobago Company Limited (PETROTRIN), whereby it became an investment holding company for four (4) wholly-owned subsidiaries (together, the 'Group"). TPHL was vested with the responsibility of managing Trinidad and Tobago's oil and related assets. With the cessation of PETROTRIN, by "Deed of Surrender' dated 29 November 2018, all PETROTRIN'S issued share capital was surrendered. On 30 November 2018, one share was issued by PETROTRIN to TPHL, making TPHL the parent company.

The following subsidiaries are owned 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 disposal of old legacy assets.		
Heritage Petroleum Company Limited ("Heritage")	Trinidad and Tobago	100%
Heritage's principal business activity is the exploration, development, production and marketing of crude oil.		
Paria Fuel Trading Company Limited ("Paria")	Trinidad and Tobago	100%
Paria's principal business activities includes importing and marketing locally and regionally refined products (fuel and other refined products), petroleum product trading and receiving, storing and exporting crude on behalf of Heritage.		
The Guaracara Refining Company Limited ("Guaracara")	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 owned 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.

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

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

The following subsidiaries are owned 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.

(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).

1 **Incorporation and principal activity (continued)**

The Group is primarily engaged in petroleum operations which include the exploration for, development and production of hydrocarbons, importation and sale of petroleum products and the Group holds 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 employees on 30 November 2018.
- Cessation of refinery operations 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 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.

Heritage, Paria and Guaracara 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) Bill, 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 and its employees.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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 too:

- Purchase of natural gas from The National Gas Company of Trinidad and Tobago Limited
- The exploration for and production of crude oil and natural gas through joint arrangements
- Restructuring costs on behalf of Heritage Petroleum Company Limited and Paria Fuel Trading Company Limited
- Cash advances to Paria Fuel Trading Company Limited in respect of startup costs
- Payment of loan payments by Heritage Petroleum Company Limited on behalf of PETROTRIN
- Payment of loan payments by Heritage Petroleum Company Limited on behalf of TPHL
- Payment of invoices by Heritage Petroleum Company Limited on behalf of TPHL
- Transfer of assets and the liabilities to Heritage, Guaracara, Paria with those assets from PETROTRIN

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	11,690	9,564
Long-term employee benefits	7,312	526
Director fees	1,172	-
	20,174	10,090

(Expressed in Thousands of Trinidad and Tobago Dollars)

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

2.2 *Sale and purchases of goods and services*

	2019 $	2018 $
Purchases of goods and services from The Government of the Republic of Trinidad and Tobago (GORTT)		
- Taxes and royalties	87,794	676,479
- Taxes other than income taxes	12,232	271,924
Purchases of various goods from entities under common control the Republic of Trinidad and Tobago (GORTT)		
- Trinidad and Tobago National Petroleum Marketing Company Limited	2,521	12,532
- The National Gas Company of Trinidad and Tobago	95,589	453,192
Sales of various goods to entities under common control		
- Trinidad and Tobago National Petroleum Marketing Company Limited	4,366,114	4,458,445
Sales of various services to entities under common control		
- Trinidad and Tobago National Petroleum Marketing Company Limited	2,175	40,864
	4,566,425	5,913,436

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 (GORTT)		
- Subsidy receivable	231,119	1,820,625
- Royalties	100,769	--
- Taxes other than income taxes	46,416	--
Heritage Petroleum Company Limited	-	18,442
Paria Fuel Trading Company Limited	-	15,524
Joint ventures	-	174,772
Entities under common control		
- Trinidad and Tobago National Petroleum Marketing Company Limited	478,258	353,987
- The National Gas Company of Trinidad and Tobago	6,224	--
	762,017	2,383,350

(Expressed in Thousands of Trinidad and Tobago Dollars)

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 (GORTT)		
- Taxes	--	-
- Royalties	1,417,754	992,575
- Taxes other than income taxes	1.946,302	1,647,436
Entities under common control		
- Trinidad and Tobago National Petroleum Marketing Company Limited	1,247	214,686
- The National Gas Company of Trinidad and Tobago	97,435	-
	3,462,738	2,854,697

The above balances are unsecured, interest free and repayable on demand.

2.4 *Loans to/from related parties*

(a) *Loans to key management personnel*

Beginning of the period	--	--
Loans advanced	--	--
Loan repayments received	--	--
Interest charged	--	--
Interest received	--	--
End of period	--	--

(b) *Loans to other related parties*

Beginning of the period	--	--
Loans advanced	--	--
Loan repayments received	--	--
Interest charged	--	--
Interest received	--	--
End of period	--	--

(c) *Loans to/from Parent*

Beginning of the period	--	--
Loans advanced	140,352	--
Loan repayments received	--	--
Interest charged	--	--
Interest received	--	--
End of period	--	--
	140,352	--

2 Transactions with related parties (continued)

2.5 *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.

The consolidated financial statements can be obtained from the company's website www.trinidadpetroleum.co.tt.

(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. Investments in subsidiaries are accounted for at cost less impairment. Refer to note 7 for investment in subsidiaries.

(b) *Interests in equity--accounted investees*

The Group's interests in equity--accounted investees comprise interests in associates and joint ventures. Refer to note 7 for interests in joint ventures.

(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)**

2.5 *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 in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long--term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

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.

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

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 estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

(a) *Significant estimates and judgements*

The areas involving significant estimates or judgements are:

- Estimation of income taxes – note 8
- Estimation of the assessment of impairment of property, plant and equipment – 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 – 10

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 entity and that are believed to be reasonable under the circumstances.

4 Financial risk management

The Group has exposure to the following risks:

a. *Credit risk*
   - (i) Risk management
   - (ii) Security
   - (iii) Credit quality
   - (iv) Exposure to credit risk

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 a number of reputable financial institutions, in amounts varying between $90k and $1.1Bn.

If trade customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, credit agency information, industry information and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by trade customers is regularly monitored by line management.

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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 **Financial risk management (continued)**

a. *Credit risk (continued)*

(ii) *Credit quality*

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

	2019 $	2018 $
Cash at bank	1,732,774	311,765

Trade receivables

All counterparties below do not have external credit ratings.

Group 1 - new customers (less than 6 months).
Group 2 - existing customers (more than 6 months) with no defaults in the past.
Group 3 - existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

(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	**$**	**$**	**$**	**$**	**$**
Cash in escrow	220,909	-	-	-	220,909
Cash and cash equivalents	1,732,774	-	-	-	1,732,774
Trade receivables	394,637	137,668	123,618	(123,618)	532,305
Other receivables (excluding prepayments)	681,215	-	1,266,801	(1,266,801)	681,215
	3,029,535	137,668	1,390,419	(1,390,419)	3,167,203

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

	Fully performing	Past due	Impaired	Provision for impairment	Total
30 September 2018	**$**	**$**	**$**	**$**	**$**
Cash in escrow	-	-	-	-	-
Cash and cash equivalents	311,765	-	-	-	311,765
Trade receivables	753,593	1,183,240	18,212	(18,212)	735,381
Other receivables (excluding prepayments)	1,488,218	1,384,902	288,472	(288,472)	1,199,746
	2,553,576	2,568,142	306,684	(306,684)	2,246,892

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 immaterial.

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 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.

4 **Financial risk management (continued)**

a. *Credit risk (continued)*

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). Receivables from these streams becomes impaired as follows:

- Local Refined products – NPMC and UNIPET – default occurs on the 26th day of the subsequent month
- 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 – Heritage – default will occur under the final agreement dated 8th January 2020, from the 13th day after invoicing, invoice 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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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 an impact so no forward looking rate was applied.

Assets written off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the 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	6,694,553	3,698,079
Less provision	(1,390,084)	(725,200)
Total	5,304,469	**2,972,879**

General provisions using a standard provision matrix

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

Aging Bucket	**Average ECL rate**	**Estimated exposure at default**	**Expected credit loss**
	%	**$**	**$**
Current (0--30 days)	--	--	--
31 to 60 days	--	152,964	--
61 to 90 days	--	--	--
Over 90 days	--	--	--

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

	2019 $	2018 $
Opening loss allowance as at 1 December 2018 – calculated under IFRS 9	(811,524)	(387,096)
Prior year adjustment		(86,319)
Write back of prior year provision	-	50,510
Decrease in loss allowance recognised in profit or loss during the period	(577,956)	(387,369)
Impairment loss – discounting	--	--
Unwinding of discount	(589)	(1,250)
Balance at end of period	(1,390,069)	(811,524)

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

Net changes to provisions for the period per above	(578,545)	(338,109)

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 co-ordinates 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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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	(858,810)	(1,379,065)	(4,180,607)	(5,917,614)	(12,336,096)	(8,141,971)
Trade and other payables (excluding statutory liabilities)	(2,586,799)	-	-	-	(2,586,799)	(2,586,799)
Short term loans	(2,881,589)	-	-	-	(2,881,589)	(2,881,589)
Total	**(6,327,198)**	**(1,379,065)**	**(4,180,607)**	**(5,917,614)**	**(17,804,484)**	**(13,610,359)**

	< 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)	(5,002,093)	-	-	-	(5,002,093)	(5,002,093)
Short term loans	(3,418,351)	-	-	-	(3,418,351)	(3,418,351)
Total	**(14,835,364)**	**(489,507)**	**(905,719)**	**-**	**(16,230,590)**	**(15,845,052)**

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 is priced internationally at USD.

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

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

Trinidad Petroleum Holdings Limited

Notes to the Consolidated Financial Statements (continued)
30 September 2019
(Expressed in Thousands of Trinidad and Tobago Dollars)

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.

	Note	TT$	Other	US$	Total
			As at 30 September 2019		
Assets					
Income taxes recoverable		530,683	-	-	530,683
Receivables (excluding prepayments)		536,890	-	1,019,997	1,556,887
Due from related parties		(370,552)	-	-	(370,552)
Cash in escrow		-	-	220,909	220,909
Short-term investments		-	-	414,783	414,783
Cash and cash equivalents		539,409	-	1,193,365	1,732,774
Financial assets		1,263,430	-	2,849,054	4,085,484
Liabilities					
Borrowings		-	-	(8,141,971)	(8,141,971)
Trade and other payables		(1,285,412)	(7,632)	(1,293,755)	(2,586,799)
Due to related parties		(3,462,738)	-	-	(3,462,738)
Current tax liabilities		(6,228,488)	-	-	(6,228,488)
Short term loans		-	-	(2,881,589)	(2,881,589)
Financial liabilities		(10,976,638)	(7,632)	(12,317,315)	(23,301,585)
Net currency exposure		(9,740,208)	(7,632)	(9,468,261)	(19,216,101)
Reasonably possible change in exchange rate		5%	5%	5%	5%
Effect on loss after tax		(487,010)	(382)	-	(487,392)

	Note	TT$	Other	US$	Total
			As at 30 September 2018		
Assets					
Income taxes recoverable		530,683	-	-	530,683
Receivables (excluding prepayments)		128,982	-	1,047,474	1,176,456
Due from related parties		1,793,851	-	-	1,793,851
Short-term investments		4,572	-	91,164	95,736
Cash and cash equivalents		95,736	-	216,029	311,765
Financial assets		2,553,824	-	1,354,667	3,908,491
Liabilities					
Borrowings		(30,556)	-	(7,394,052)	(7,424,608)
Trade and other payables		(1,332,860)	(14,872)	(6,509,058)	(7,856,790)
Current tax liabilities		(3,322,829)	-	-	(3,322,829)
Short term loans		--	-	(3,418,351)	(3,418,351)
Financial liabilities		(4,686,245)	(14,872)	(17,321,461)	(22,022,578)
Net currency exposure		(2,132,421)	(14,872)	(15,966,794)	(18,114,087)
Reasonably possible change in exchange rate		5%	5%	5%	5%
Effect on loss after tax		(106,621)	(744)	-	(107,365)

(Expressed in Thousands of Trinidad and Tobago Dollars)

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 90-430 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	3,133	2,930
Financial liabilities	(8,141,971)	(9,627,554)
	(8,138,838)	(9,624,624)
Variable rate instruments		
Financial assets	2,147,557	407,501
Financial liabilities	(2,881,589)	(1,215,405)
	(734,032)	(807,904)

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 **Financial risk management (continued)**

c. *Market risk (continued)*

(iii) *Interest rate risk*

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%	(7,340)	(8,079)
Decrease by 1%	7,340	8,079

(iv) Fair value risk

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

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

	As at 30 September		**As at 30 September**	
	2019 Carrying values $	**2019 Fair values $**	**2018 Carrying values $**	**2018 Fair values $**
Borrowings	(8,141,971)	(9,071,185)	(7,424,608)	(7,560,829)
Short-term loans	(2,881,589)	(2,881,589)	(3,418,351)	(3,418,351)
	(11,023,560)	(11,952,774)	(10,842,959)	(10,979,180)

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 7.13% to 8.84% (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 screen shot of price based on the yield to maturity (YTM) on the associated bond at year--end.

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 **Financial risk management (continued)**

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 on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (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 144A and Reg S series international bonds, namely, a US$750 million amortizing bond maturing on 2022 May 8th (2022 Notes) and a US$850 million bullet bond maturing on 2019 August 14th (2019 Notes). As part of the reorganization, Supplemental Indentures for the 2022 Notes and 2019 Notes were executed on 2018 November 30th, transferring PETROTRIN's obligations under the original indentures from PETROTRIN to TPHL and making Heritage, Guaracara, Paria and Petrotrin Guarantors to the 2022 and 2019 Notes. Treasury Management is thus based on the way financing is managed at the overall TPHL Group level

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

Net debt reconciliation	**2019**	**2018**
	$	**$**
		(Restated)
Net debt	9,290,786	10,531,194
Total equity	(15,877,361)	(11,991,151)
Total capital	(6,586,575)	(1,459,957)
Net debt to equity ratio	--%	--%
Cash and cash equivalents	1,732,774	311,765
Borrowings - repayable within one year including overdraft	(3,021,209)	--
Borrowings - repayable after one year	(8,002,351)	(10,842,959)
Net debt	(9,290,786)	(10,531,194)

(Expressed in Thousands of Trinidad and Tobago Dollars)

4 **Financial risk management (continued)**

d. *Capital risk management (continued)*

			Liabilities from financing activities			
	Other assets Cash/bank overdraft	**Borrowing due within 1 year**	**Borrowing due after 1 year**	**Finance leases due within 1 year**	**Finance leases due after 1 year**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Debt as at 1 October 2018	311,765	(10,842,959)	-	-	-	(10,531,194)
Cash flows	1,421,009	593,450	(7,741,510)	-	-	(5,727,051)
Foreign exchange adjustments	1,330,335	(953,113)	(260,841)	-	-	116,381
Other changes	-	8,181,413	-	-	-	8,181,413
Net debt as at 30th September 2019	3,063,109	(3,021,209)	(8,002,351)	-	-	(7,960,451)

			Liabilities from financing activities			
	Other assets Cash/bank overdraft	**Borrowing due within 1 year**	**Borrowing due after 1 year**	**Finance leases due within 1 year**	**Finance leases due after 1 year**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Debt as at 1 October 2017	315,576	(4,301,334)	(7,384,200)	-	-	(11,369,958)
Cash flows	129,699	402,280	391,281	-	-	923,260
Foreign exchange adjustments	(50,060)	49,014	-	-	-	(1,046)
Other changes	(83,450)	(6,992,919)	6,992,919	-	-	(83,450)
Net debt as at 30th September 2018	311,765	(10,842,959)	-	-	-	(10,531,194)

(Expressed in Thousands of Trinidad and Tobago Dollars)

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:		
Trade receivables	466,676	1,157,092
Other receivables (excluding prepayments)	1,090,211	19,364
Due to related parties	(370,552)	1,793,851
Cash in escrow	220,909	--
Short-term investments	414,783	95,736
Cash at bank	1,732,774	311,765
	3,554,801	3,377,808
Financial asset at amortised cost	--	--
Financial assets at fair value through other comprehensive income	--	--
	3,554,801	3,377,808

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

	2019 $	2018 $
Other financial liabilities		
Liabilities as per statement of financial position	--	--
Borrowings	11,023,560	10,842,959
Trade payables	835,475	980,300
Other payables (excluding statutory liabilities)	1,751,324	4,021,793
Due to related parties	1516436	1,207,261
	15,126,795	17,052,313

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

Trinidad Petroleum Holdings Limited

Notes to the Consolidated Financial Statements (continued)
30 September 2019
(Expressed in Thousands of Trinidad and Tobago Dollars)

5 **Property, plant and equipment**

Consolidated	**Exploration and evaluation**	**Development**	**Production**	**Refining and marketing**	**Abandonment assets**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Costs							
Balance as at 1 October 2018	-	-	-	-	-	599,388	599,388
Additions	54,246	54,017	105,797	6,781	-	343	221,184
Transfers	-	350,088	14,203,992	3,232,257	704,881	3,365,509	21,856,727
Decommissioning adjustment	-	-	(529,985)	-	(551,778)	(141,339)	(1,223,102)
Impairment	-	-	-	-	(82,894)	-	(82,894)
Exchange differences	-	(1,344)	(115,298)	-	-	(3,223)	(119,865)
Balance as at 30 September 2019	54,246	402,761	13,664,506	3,239,038	70,209	3,820,678	21,251,438
Accumulated depreciation, depletion, Amortisation and impairment losses							
Balance as at 1 October 2018	-	-	-	-	-	(521,316)	(521,316)
Depreciation, depletion & amortisation	-	-	(513,250)	-	(70,209)	(49,704)	(633,163)
Impairment	-	-	-	-	-	(7,275)	(7,275)
Accumulated depreciation on assets	-	-	-	-	-	-	-
held for sale	-	-	-	-	-	(3,176,051)	(3,176,051)
Disposal of asset	-	-	(4,359)	-	-	-	(4,359)
Internal Transfers	-	-	(7,640,387)	(3,239,038)	-	-	(10,879,425)
Exchange differences	-	-	(2,465)	-	-	645	(1,820)
Balance as at 30 September 2019	-	-	(8,160,461)	(3,239,038)	(70,209)	(3,753,701)	(15,223,409)
Carrying amounts							
As at 1 October 2018	-	-	-	-	-	78,072	78,072
As at 30 September 2019	54,246	402,761	5,504,045	-	-	66,977	6,028,029

Trinidad Petroleum Holdings Limited

Notes to the Consolidated Financial Statements (continued)
30 September 2019
(Expressed in Thousands of Trinidad and Tobago Dollars)

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

	Exploration and evaluation $	Development $	Subtotal $	Production $	Refining and marketing $	Other $	Total $
Costs							
Balance as at 1 October 2017	5,785	102,285	108,070	7,272,797	24,758,083	851,892	32,990,842
Additions	(12)	33,164	33,152	21,378	292,762	18,081	365,373
Transfers	(5,500)	(32,773)	(38,273)	38,273	--	--	--
Other transfers	--	--	--	(2,221)	(87,469)	89,690	--
Disposal of asset	--	--	--	(4,757)	--	--	(4,757)
AUC Expensed	--	--	--	--	(77,034)	--	(77,034)
Assets held for distribution	(273)	(102,676)	(102,949)	(7,631,085)	(24,922,283)	1,466	(32,654,851)
Internal Transfers	--	--	--	294,722	66,832	(363,020)	(1,466)
Exchange differences	--	--	--	10,893	(30,891)	1,279	(18,719)
Balance as at 30 September 2018	--	--	--	--	--	599,388	598,388
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	12,602,863	56,532	12,965,426
Accumulated depreciation on assets held for distribution	--	--	--	(6,626,147)	(21,607,558)	1,151	(28,232,554)
Disposal of asset	--	--	--	(4,476)	--	--	(4,476)
Internal Transfers	--	--	--	123,315	(26,631)	(96,684)	--
Exchange differences	--	--	--	60,451	10,755	12,313	83,519
Balance as at 30 September 2018	--	--	--	--	--	521,316	521,316
Carrying amounts							
As at 1 October 2017	5,785	102,285	108,070	1,554,928	16,726,867	319,302	18,709,167
As at 30 September 2018	--	--	--	--	--	78,072	78,072

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

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

a. *Accounting policy*

Exploration and Production (E&P) assets represent the substantial majority of the Group's Property, Plant and Equipment (PPE).

(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 property, plant and equipment or intangible assets according to the nature of the expenditure.

Costs incurred in the exploration and evaluation of assets includes:

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

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

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

a. *Accounting policy (continued)*

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

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

Exploration and evaluation assets – Impairment

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

Development/Production tangible and intangible assets - Capitalisation

Acquisitions, asset purchases and disposals

Acquisitions of oil and gas properties are accounted for under the purchase method.

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.

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.

Development/Production tangible and intangible assets – Impairment

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

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

a. *Accounting policy (continued)*

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

Production assets – Depreciation

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

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

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. Such costs include removal of equipment, restoration of land or seabed. The unwinding of the discount on the provision is included in profit or loss within finance costs.

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a risk-free rate in the same currency as the obligation and with similar maturity. These rates were obtained from the Trinidad and Tobago Treasury Yield Curve as quoted by the Central Bank of Trinidad and Tobago as at 30 September 2019 (see Note 21).

5 **Property, plant and equipment – tangible and intangible (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 as a result of the decision to exit the refinery business on 30 November 2018. In previous fiscal years, major overhaul cost were amortised over a year of 3--5 years on a straight-line basis.

6 **Property, plant and equipment – tangible and intangible (continued)**

a. *Accounting policy (continued)*

(iv) *Software*

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

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

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

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

5 **Property, plant and equipment – tangible and intangible (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 **Property, plant and equipment – tangible and intangible (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 property, plant and equipment 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	238,676	598,025

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

a. Accounting policy (continued)

d. Depreciation, depletion and amortization

Depreciation charge of $583,480 (2018: $1,377,437) has been charged in cost of sales, while 'nil' (2018: $34,875) was charged to marketing expenses and $23 (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 expense. An impairment loss of $XXX (2018: $2,686,914) was recorded.

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 as well as Refining and Marketing and Corporate.

Costs not subject to amortisation totalled $XXX (2018: $270,508). Included in production assets is a net amortised amount of $XXX (2018: $982,249) in respect of decommissioning costs.

Included in assets is interest capitalised during the year, on general borrowings of $XXX. The capitalisation rate on general borrowings is XX% (2018:4.63%).

e. *Oil and gas reserve estimate*

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

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

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

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

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

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

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

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 2012 December 31
Trinidad Northern Areas – North Marine	Extended year of six (6) years effective 2012 December 31
Guapo--Oropuche--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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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

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)

6 **Available for sale financial instruments**

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

There were no disposals during the year and an impairment loss of $1,138 was recorded in the year ended 30 September 2019 (2018: $22,689).

a. *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 recorded at cost less impairment.

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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

6 **Available for sale financial instruments (continued)**

a. *Accounting policy (continued)*

If the fair value of a debt instrument classified as available-for-sale increased in a subsequent year and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

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 %**	**2019 $**	**2018 $**	
Trinmar Limited (Trinmar)	Trinidad and Tobago	100%	100%	2	2	Trinmar operated certain concessions in accordance with a Marine Operating Agreement dated August 1, 1960. This company is now dormant.
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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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 %	2019 $	2018 $	
World GTL Trinidad Limited (WGTL-TL)	Trinidad and Tobago	100%	100%	1	1	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. 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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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 %	2019 $	2018 $	
World GTL Trinidad Limited (WGTL-TL)	Trinidad and Tobago	100%	100%	1	1	On 24 February 2010, PETROTRIN commenced arbitration against the WGTL 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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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 %	2019 $	2018 $	
World GTL Trinidad Limited (WGTL-TL)	Trinidad and Tobago	100%	100%	1	1	As at 30 September 2018, NiQuan Energy Trinidad Limited has consummated and concluded the sales and purchase agreement with World GTL Trinidad Limited (in receivership), under which it has acquired the plant, property and equipment in return for a cash payment of US$10 million plus US$25 million in non-convertible preference shares to the debenture holder, PETROTRIN. The preference shares in NiQuan Energy Trinidad Limited was valued by external valuator and have a nil carrying amount for the year ended 30 September 2019 and 30 September 2018.

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 %	2019 $	2018 $	
Trinidad and Tobago Marine Petroleum Company Limited (Trintomar)	Trinidad and Tobago	80%	20%	2	2	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.

(ii) Acquisition with Common Control

The Group accounts for common control business combinations using the predecessor-values-method. Predecessor values of the assets and liabilities acquired are consolidated without any step up to fair value as at the date of the business combination. Under this method, the financial position of the acquired entity is recorded as a consolidated reserve within equity and there is no goodwill created by the transaction.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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 Company. The amounts disclosed for each subsidiary are before inter-Group eliminations. By virtue of the Miscellaneous Provisions Vesting Act 2018, effective 01 December 2018, Trintomar was vested to Heritage Petroleum Company Limited.

Summarised statement of financial position	**Trintomar 30 September 2019 $**	**2018 $**
Current assets	37,997	41,362
Current liabilities	803	(1,644)
Current net assets/(liability)	**38,800**	**39,718**
Non-current assets	1,246	7,639
Non-current liabilities	(342,880)	(341,272)
Non-current net assets/(liability)	**(341,634)**	**(333,633)**
Net assets/(liability)	(302,834)	(293,915)
Accumulated NCI	(60,567)	(58,783)

Summarised statement of comprehensive income	**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)
Profit allocated to NCI	(1,784)	(316)
Dividends paid to NCI		

Summarised statement of comprehensive income	**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)

(Expressed in Thousands of Trinidad and Tobago Dollars)

7 **Interests in other entities (continued)**

c. *Interest in joint operations*

The Group has a shared control in the following joint operations which are all based in Trinidad and Tobago. By virtue of the vesting bill 2018, effective 01 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%
Block 22	10.00%	10.00%
Block 3A	20.13%	20.13%
Galeota	35.00%	35.00%
NCMA 4	20.00%	20.00%
Rio Claro Block	20.00%	20.00%
Ortoire Block	20.00%	20.00%
St. Mary’s Block	20.00%	20.00%

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:

(Expressed in Thousands of Trinidad and Tobago Dollars)

7 **Interests in other entities (continued)**

c. *Interest in joint operations*

	NCMA Block 9 – Offshore $	Teak, Samaan, Poui (TSP) $	Central Block $	South East Coast Consortium $	Other $	Total $
As at 30 September 2019						
Assets:						
Property, plant and equipment	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
As at 30 September 2018						
Assets:						
Property, plant and equipment	--	125,479	122,120	82,207	1,610	331,416
Current assets	121,529	23,855	19,187	23,437	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

	NCMA Block 9 – Offshore $	Teak, Samaan, Poui (TSP) $	Central Block $	South East Coast Consortium $	Other $	Total $
Year ended 30 September 2019						
Revenue	317,601	242,103	83,603	99,978	3,792	747,077
Cost of sales	27,686	--	(35,584)	50,196	215,005	257,303
Income tax expenses	20,753	81,403	14,611	11,558	5,354	133,679

(Expressed in Thousands of Trinidad and Tobago Dollars)

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 $
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. These are no contingencies related to the Group's interest in these ventures.

d. *Interest in Associate*

The Group has a 19.5% controlling 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.

8 **Cash in escrow**

The land licences agreements effective in the year 2006, contain a clause requiring Heritage to establish an escrow account at an approved financial institution in the name of the Minister of Energy and Energy Affairs (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 Heritage 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 Heritage.

a. *Accounting policy*

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

9 **Income tax expense**

a. *Income tax expense*

	2019 $	2018 $ (Restated)
Current tax	(155)	(165)
Deferred income tax	-	(864,598)
	(155)	(864,763)

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 $ (Restated)
Loss before tax	(860,964)	(15,625,046)
Tax calculated at a rate of 30% / 55%	(258,289)	8,593,775
Expenses not deductible for tax purposes	356,477	23,449
Effect of difference on initial recognition	-	25,701
Prior year tax adjustment – losses	-	144,685
R&M current year losses not recognised	-	(1,315,847)
De--recognition of DIT asset relating to prior year R&M tax losses	-	(6,217,075)
Losses not recognised – E&P DIT Asset	-	(974,300)
Differences in R&M tax rates	(43,045)	(760,420)
E&P current year losses not recognised	-	(496,371)
Differences in R&M tax rates	-	(760,420)
Differences due to translation	(3,600)	10,560
Permanent difference on novation of PPE on initial recognition	345,197	-
Initial recognition of net deductible differences from novated assets/ liabilities	(2,645,794)	-
Deferred asset not recognized	4,544,022	-
Reduction in abandonment assets and PPE	(594,970)	-
Difference in scaled tax rate	(2,395,999)	-
Income not subject to tax	(8,751)	-
Tax on balancing charge	1,567,844	-
Other	(863,247)	101,080
	(155)	(864,763)

Income tax expense (continued)

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 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 on the basis of 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 on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not 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.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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

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

Current and deferred tax is 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.

As at year end the Company had $25,193,175 in tax losses carried forward and deferred tax asset in the amount of $1,389,159 has not been recognized on these losses due to the uncertainty of future taxable profit.

The financial statements are prepared on the basis that efforts to obtain approval for consolidation of tax losses of the E&P and R&M divisions will be successful and eliminate significant taxes resulting from divestment of the underlying assets of these divisions. The Board of Directors is confident approval will be obtained. In the event approval is not obtained there could be significant additional tax liabilities.

(Expressed in Thousands of Trinidad and Tobago Dollars)

9 **Income tax expense (continued)**

c. *Deferred Taxation*

	2019 $	2018 $ (Restated)
At beginning of the year	147	864,745
Charge to OCI	--	--
Charge to SOCI	(34,466)	(864,598)
At end of the year	(34,319)	147

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)) and 50% (Refining and Marketing Operations (R&M)). 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 SOCI $	Charge/ (credit) to OCI $	2019 $
Year ended 30 September 2019				
Deferred income tax liabilities				
Accelerated tax depreciation – property, plant and equipment carried at cost	(4,995,058)	3,605,964	-	(1,389,094)
	(4,995,058)	3,605,964	-	(1,389,094)
Year ended 30 September 2019				
Deferred income tax assets				
Retirement medical asset	73,577	(82,577)	-	(9,000)
Provision for abandonment	4,106,121	(2,978,067)	-	1,128,054
Vacation leave payable	104,509	(104,509)	-	-
Interest payable	93,000	(73,876)	-	19,124
Tax losses carried forward	329,762	(136,211)	-	193,551
Retirement pension asset	51,623	(31,831)	-	19,792
Exchange gain/loss	236,613	(233,359)	-	3,254
	4,995,205	(3,640,430)	-	1,354,775
Net deferred income tax asset/liabilities	147	(34,466)	-	(34,319)

(Expressed in Thousands of Trinidad and Tobago Dollars)

9 **Income tax expense (continued)**

d. *Tax losses*

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

	2019 $	2018 $ (Restated)
Tax losses brought forward	28,742,717	25,874,880
Current year losses – E&P	-	496,371
Current year losses – R&M	-	2,371,466
Taxes utilisec for balancing charge – E&P	(2,024,512)	-
Taxes utilised for balancing charge – R&M	(1,525,030)	-
Tax losses carried forward	25,193,175	28,742,717
Tax losses not recognised as deferred tax	25,193,175	28,143,150
Tax losses recognised as deferred tax	-	599,567
	25,193,175	28,742,717

e. *Income taxes recoverable*

	2019 $	2018 $
Income taxes recoverable	530,506	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.

f. *Current tax liabilities*

	2019 $	2018 $
Balance as start of the year	3,322,829	2,254,175
Taxes paid	--	(651)
Current year tax expense – SPT	180,896	976,174
Current year tax expense – SPT	2,400,346	-
Current year tax expense – SPT	417,511	-
Prior year adjustment	(93,094)	93,131
Balance at the close of the year	6,228,488	3,322,829

(Expressed in Thousands of Trinidad and Tobago Dollars)

10 Inventories

	2019 $	2018 $
Materials and supplies – other	287,979	43,966
Crude oil	261,459	--
Refined products	748,576	--
Precious metals	108,963	--
Refinery fresh and spent	331	--
Inventory spares	227	--
Less: inventories held for sale	(958,960)	--
Less: provision for obsolescence	(75,398)	(43,566)
	373,177	400

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

(iii) *Refined Products*

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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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

10 Inventories (continued)

(iv) *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. Given that the items were received from the predecessor group, the items in excess of five years have been provided for.

11. Receivables and prepayments

	30 September 2019	2018
	$	$
Trade receivables	466,676	1,157,092
Other receivables	1,090,058	16,305
Taxes recoverable	153	3,059
Prepayments, deferred charges and accrued revenue	192,512	101,333
	1,749,399	**1,277,789**

Due to related parties	**2019**	**2018**
	$	$
National Petroleum Marketing Company	478,258	353,987
National Gas Company of TT	6,224	-
World GTL	-	4,804
Joint ventures	4,162,355	174,952
Due to Government of Trinidad and Tobago	-	-
- Royalties	-	-
- Subsidies*	231,119	1,820,625
- Taxes other than income tax	46,416	-
	4,924,372	**2,354,368**

** Includes Subsidy recoverable which is paid to PETROTRIN after remittance by the GORTT to NPMC and UNIPET*	130,350	1,820,625

a. *Accounting policy*

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

11. Receivables and prepayments (continued)

a. *Accounting policy (continued)*

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

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 ` $ (Restated)
Short--term bank deposits	414,783	95,736

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 21b).

b. *Financial risk management*

The effective interest rates on cash and short-term deposits were between 0.32 % and 2.73 % per annum. Short term deposits have original maturities of one day to ten months.

(Expressed in Thousands of Trinidad and Tobago Dollars)

13 **Cash and cash equivalents**

	2019 $	2018 $ (Restated)
Cash at bank and in hand	1,732,774	311,765

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 hour's notice with no loss of interest. Bank overdrafts are shown in current liabilities in the statement of financial position.

As at 30 September 2019, the Group had restricted cash. Restricted cash comprise of cash collateral held or a standby letter of credit (note XXXX) and a debt service reserve account in connection with the Group senior secured loan agreement.

	$
The Bank of New York, Mellon	176,905M

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: 1.2 days).

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	4.63888%	4.63888%

	As at 30 September 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 Bond Investment	US$225 (Undrawn)	US$900 (Undrawn)
Standby Letter of Credit	--	US$22,189 (Undrawn)
USD Floating Rate Note	--	--

(Expressed in Thousands of Trinidad and Tobago Dollars)

13 **Cash and cash equivalents (continued)**

c. *Cash generated from operating activities*

	Note	2019 $	2018 $ (Restated)
Profit before taxation – continuing operations		621,794	--
Loss before taxation – discontinued operations		(1,208,494)	(15,260,504)
Amortisation of intangible assets		382,145	439,510
Utilisation of decommissioning provision		--	(4,757)
Depreciation	5	633,163	1,427,726
Impairment losses		--	15,452,492
Impairment losses related to investments – LABIDCO		--	22,689
Impairment losses related to investments – WGTL		--	2,830
Impairment write back related to investments		--	(68,795)
Foreign currency translation loss		1,330,335	51,657
Interest (net)		761,963	1,057,048
Loss on disposal of property, plant and equipment		4,359	281
Write back of negative assets			(32,186)
Net pension costs		1,100	(472,900)
Net benefit costs		28,000	(1,996,800)
Taxes other than income taxes		87,802	976,174
Pension contributions paid		(53,900)	(168,200)
Post-employment medical benefits paid		(101,000)	(95,400)
Increase/(decrease) in receivables and prepayments		1,776,488	(728,223)
(Decrease)/increase in inventories		(372,777)	2,132,921
Increase in other liabilities		(1,606,735)	2,240,307
Change in operating assets and liabilities from discontinued operations		1,712,611	--
Change in assets held for distribution		--	(2,641,792)
Changes in liabilities held for distribution		--	(352,530)
Cash generated from operating activities		3,996,854	1,981,548

(Expressed in Thousands of Trinidad and Tobago Dollars)

14 **Assets and liabilities held for distribution**

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

	2018			
	E&P $	**R&M $**	**Other $**	**Total $**
Assets classified as held for sale				
Property, plant and equipment	1,107,887	3,315,876	--	4,423,763
Intangible assets	6,501,036	419,175	--	6,920,211
Cash in escrow	238,612	--	--	238,612
Inventories	487,563	2,224,212	--	2,711,775
Receivables and prepayments	40,776	--	--	40,776
Cash and cash equivalents	83,450	--	--	83,450
Investment in Point Fortin LNG Exports Limited (PFLE)	439	--	--	439
Total assets held for distribution (restated)	8,459,763	5,959,263	--	14,419,026
Liabilities directly associated with assets classified as held for sale				
Provisions	5,898,191	2,164,451	--	8,062,642
Borrowings	64,331	--	--	64,331
Trade and other payables	60,538	40,000	--	100,538
Total liabilities directly associated with assets classified as held for sale (restated)	6,023,060	2,204,451	--	8,227,511

*Amounts included in trade and other payables relate to:
- abandonment fund liabilities in relation to certain joint venture and lease operatorship operations and
- payment received from the GRTT for stocks transferred to Liquid Fuels Company of Trinidad and Tobago Limited (LFCTT)

14 **Assets and liabilities held for distribution (continued)**

a. *Accounting policy*

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

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

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

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

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

15 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.

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

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 of the operations in the current period are shown as "discontinued activities" in the statement of profit or loss. At the date of issue of the financial statements the sale was not concluded.

PETROTRIN'S uninvested assets and liabilities were not classified as held for sale as the IFRS 5 criteria were not met. All of PETROTRIN'S operations in the current period is shown as "Discontinued activities" in the statement of profit or loss.

		As at 30 September	
	2019 Other	**2019 Terminalling**	**2019 Total**
	$	$	$
Property, plant and equipment	2,177,463	998,588	3,176,051
Inventories	210,339	748,621	958,960
Total assets classified as held for sale	**2,387,802**	**1,747,209**	**4,135,011**
Liabilities directly associated with assets held for sale			
Provisions	1,035,135	681,298	1,716,433
Total liabilities directly associated with assets held for sale	**1,035,135**	**681,298**	**1,716,433**

(Expressed in Thousands of Trinidad and Tobago Dollars)

15 **Assets and liabilities held for sale (continued)**

	30 September		
	2019	**2019**	**2019**
	Other	**Terminalling**	**Total**
	$	$	
Revenue	2,891,094	7,280,671	10,171,765
Cost of sales	(3,418,116)	(6,921,048)	(10,339,164)
Gross loss	(527,022)	359,623	(167,399)
Administrative expenses	(526,226)	(48,881)	(575,107)
Marketing expenses	(25,514)	-	(25,514)
Other operating expenses	(76,297)	(127,136)	(203,433)
Impairment write-back/losses	(1,138)	-	(1,138)
Other operating income	59,945	98,997	158,942
Operating loss	(1,096,252)	282,603	(813,649)
Finance costs (net)	(365,720)	(29,216)	(394,936)
Loss before tax	**(1,461,972)**	**253,387**	**(1,208,585)**
Income tax (expenses) / benefit	(2,817,857)	(120,746)	(2,938,603)
Loss for the period	**(4,279,829)**	**132,641**	**(4,147,188)**

16 **Share capital**

	2019	**2018**
	$	**$**
Authorised		
300,000,000 ordinary shares of no par value		
Issued and fully paid		
1 ordinary shares of no par value		2,272,274

By deeds of surrender dated 29 November 2018, all of PETROTRIN's issued share capital was surrendered. On 30 November 2018, one (1) share valued at one Trinidad and Tobago dollar ($1) was the issued by PETROTRIN to Trinidad Petroleum Holdings Limited (TPHL), an entity incorporated in the Republic of Trinidad and Tobago, making TPHL the parent company. TPHL is owned by the Government of the Republic of Trinidad and Tobago. TPHL has 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.

16 **Share capital (continued)**

a. *Accounting policy*

Share capital

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

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

Dividend distribution

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

17. **Borrowings**

On 30th November 2018 by way of Supplemental Indenture dated 30th November 2018, the 9.75% Notes due 2019 and the 6.00% Notes due 2022 (the "Existing Notes") were transferred to TPHL from PETROTRIN.

The proceeds of these Notes were used by PETROTRIN to finance the Gasoline Optimisation Project (GOP), and to construct the Ultra Low Sulphur Diesel (ULSD) Plant. The GOP was an extensive upgrade of the refinery, which has enabled PETROTRIN to produce increased volumes of higher quality environmentally satisfactory gasoline. The ULSD Plant is a high pressure, catalytic, hydrotreating process utilising the SynSat licensed processed technology.

In June 2019, The Company successfully concluded negotiations with a syndicate of financial institutions to enter into a Term Loan Facility whereby the 9.75% Notes due 2019 and the 6.00% Notes due 2022 (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 144A and Reg S series Notes (2026 Notes). The outstanding balance of US$405 million of the 9.75% Notes were repaid via a Term Loan facility. The outstanding balance of US$62.2 million on the 2022 notes will be fully repaid in May 2022.

The Company also negotiated a Term Loan Facility 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 fund the unexchanged value of $405 million of the 9.75% Notes due 2019 and the 6.00% Notes due 2022 (the "Existing Notes") which was held in escrow until August 2019. Part proceeds of this loan was also used to pay Legacy PETROTRIN'S 30 November 2018 shareholder loan of TT$1.2 billion.

(Expressed in Thousands of Trinidad and Tobago Dollars)

17. **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$570m Senior Secured Notes	3,778,822	--
Total senior notes	4,197,683	7,424,608

	2019 $	2018 $
Term Loan tranche A – US$388m	2,547,189	--
Term Loan tranche B – US$215m	1,397,098	--
Total term loans	3,944,288	--
Total borrowings	8,141,971	--
Of which		
Current portion	139,620	7,424,608
Non-current portion	8,002,351	--
	8,141,971	7,424,608

	2019 %	2018 %
Weighted average effective interest rates	6.28	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 and other comprehensive income 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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

17. **Borrowings (continued)**

a. *Accounting policy*

Borrowing costs
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the year of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial year of time to get ready for their intended use or sale.
Other borrowing costs are expensed in the year in which they are incurred.

b. *Compliance with loan covenants*

TPHL has complied with the financial covenants of its borrowing facilities during the 2019 reporting period

c. *Reconciliation*

	2019 $	2018 $
Opening balance as at 1 October	10,842,959	11,621,203
Proceeds from borrowings	8,942,605	7,628,894
Interest during the year	774,035	1,059,218
Repayment of loans	(9,975,958)	(8,422,455)
Interest repayments	(1,066,508)	(929,626)
Fx adjustments	1,213,954	
Other adjustments	--	(114,275)
Closing balance as at 30 September	10,731,087	10,842,959

(Expressed in Thousands of Trinidad and Tobago Dollars)

17. **Borrowings (continued)**

d. *Loan agreements*

Description	**US$850 Million (TT$ Equivalent - $5,780 Million)**	**US$750 Million (TT$ Equivalent - $5,100 Million)**
Carrying value at 30 September 2019	Nil	TT$418,861
Carrying value at 1 December 2018	TT$5,738,775	TT$1,265,906
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 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.	

Trinidad Petroleum Holdings Limited

Notes to the Consolidated Financial Statements (continued)
30 September 2019
(Expressed in Thousands of Trinidad and Tobago Dollars)

17. **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$3,778,822	TT$2,547,189	TT$1,397,098
Currency	USD	USD	USD
Type of Notes offered by TPHL	Senior Secured Notes under 144 A/Reg S	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%	5.00% per annum	4.35% per annum
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.		

(Expressed in Thousands of Trinidad and Tobago Dollars)

17. **Borrowings (continued)**

e. *Loan agreements (continued)*

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

* Absolute figures

18 **Retirement benefit obligation**

18.1 *Employee benefits*

All employees were exited as at 30 November 2018 and the plans were closed. The majority of PETROTRIN's employees who were exited on the 30th 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 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 on the basis of service, accrual rate and pensionable salary, and are subject to a limitation of 66 2/3 % of final pensionable earnings. Upon retirement, the member has an option of either 100% monthly pension or 75% reduced monthly pension plus a tax-free lump sum. The pension is guaranteed for 15 years and payable for the lifetime of the member;

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

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

- Disability benefit equal to 60% of pensionable earnings at time of disability for a fixed 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.

18 **Retirement benefit obligation (continued)**

18.1 *Employee benefits (continued)*

A full independent actuarial valuation of the Plans was carried out as at 30 September 2016 and revealed that the funding level of the PEPP was 103% if no salary increases were granted for the year 2014/2017 or 2015/2018 or 98% if salary increase of 4% is granted whilst that of the SPP was 156%. The aggregate market value of assets of the former Plans that now form the PEPP stood at $7,747,700 as at 30 September 2019 while that of the SPP stood at $1,537,200. A full independent actuarial valuation is completed every three years.

Commented [WL2]: To update when updated Actuarial Valuation comes through

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

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

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

(c) No allowances were made in the calculations for employees at Trinmar who have historically not been covered by either the PEPP or SPP and whose pensions are provided via deferred annuity contracts. The expense represented by the annuity premiums paid by PETROTRIN are shown in note 23.

An updated valuation of all of 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 Statement of Comprehensive Income. Curtailment as a result of the termination of all employees on 30 November 2018 was accounted for in the current year.

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 **Retirement benefit obligation (continued)**

18.1 *Employee benefits (continued)*

		As at 30 September 2019 $	2018 $
Obligation in statement of financial position:			
Retirement benefit obligation - Pension benefits - net	(a)	(418,500)	(84,400)
Retirement benefit obligation - Medical benefits	(b)	(39,400)	(130,200)
		(457,900)	(214,600)

		Year ended 30 September 2019 $	2018 $
Income/(expense) recognised in profit or loss:			
Net pension income /(cost)	(a)	(28,000)	472,900
Net benefit income /(cost)	(b)	(1,100)	1,996,800
		(29,100)	2,469,700

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

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	(9,091,300)	(10,212,500)
Fair value of plan assets	9,284,900	10,719,900
Surplus/(deficit)	193,600	507,400
Effects of asset ceiling	(612,100)	(591,800)
Net retirement benefit obligation	(418,500)	(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	(23,500)	(231,300)
Interest cost	(511,800)	(597,500)
Members' contributions	(27,800)	(83,100)
Curtailment	11,500	753,500
Re-measurement*:*		
-Experience adjustments	(58,900)	474,200
Actuarial gains from changes in financial assumptions	(107,000)	--
Actuarial gains from changes in demographic assumptions	--	--
Benefits paid	1,838,700	660,300
Defined benefit obligation at end of year	(9,091,300)	(10,212,500)

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 **Retirement benefit obligation (continued)**

18.1 *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	541,300	585,900
Return on Plan assets, excluding interest income	(199,200)	(302,600)
Company contributions	53,900	168,200
Members' contributions	27,800	83,100
Benefits paid	(1,838,700)	(660,300)
Administrative expenses	(20,100)	(15,300)
Fair value of Plan assets at end of year	9,284,900	10,719,900

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

	As at 30 September 2019 $	2018 $
Retirement benefit obligation at start of year	(84,400)	(734,200)
Net pension cost	(28,000)	472,900
Re-measurement recognised in other comprehensive income	(360,000)	8,700
Company contributions paid	53,900	168,200
Retirement benefit obligation at end of year	(418,500)	(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	(23,500)	(231,300)
Net interest income on Plan assets	4,100	(34,000)
Curtailment	11,500	753,500
Administrative expenses	(20,100)	(15,300)
Net pension cost	(28,000)	472,900

Re-measurements recognised in Other Comprehensive Income:

	As at 30 September 2019 $	2018 $
Experience gains/(losses)	(365,100)	171,600
Effect of asset ceiling	5,100	(162,900)
Re-measurements recognised in other comprehensive income	(360,000)	8,700

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 **Retirement benefit obligation (continued)**

18.1 *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	342,100	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	2,888,700	2,952,300
Overseas equities	1,437,300	2,103,600
Bonds	4,415,300	4,694,400
Mortgages	19,100	20,900
Mutual Funds	100,600	174,600
Cash and cash equivalents	423,900	774,100
Fair value of Plan assets at end of year	9,284,900	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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 **Retirement benefit obligation (continued)**

18.1 *Employee benefits (continued)*

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

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

Mortality assumptions:

	As at 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 2018, would have changed as a result of a change in these assumptions.

	1% pa higher $	1% pa higher $
- Discount rate	814,200	(971,700)
- Future salary increases	--	--

An increase of one (1) year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 September 2019 by $143,800 (30 September 2018: $147,000).

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

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 **Retirement benefit obligation (continued)**

18.1 *Employee benefits (continued)*

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

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

*Amounts shown as absolute figures.

	As at 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	(7,700)	316,700
Actuarial gain/loss from changes in demographic assumptions	--	--
Actuarial gain/loss from changes in financial assumptions	(200)	(2,400)
Benefits paid by Company (net of retiree contributions)	101,000	95,400
Retirement benefit obligation at end of year	(39,400)	(130,200)

(b) *Retirement benefit obligation – medical benefits*

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 (Note 20)	(1,100)	1,996,800

Re-measurements recognised in other comprehensive income:

	As at 30 September 2019 $	2018 $
Re--measurements experience adjustments	(9,100)	314,300

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 **Retirement benefit obligation (continued)**

18.1 *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 increases	--%	--%

** 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 2018 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 re-calculating 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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

18 **Retirement benefit obligation (continued)**

(b) *Retirement benefit obligation – medical benefits*

(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.

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

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

(iii) *Other post-employment obligations*

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

19. **Provisions**

	2019 **$**	**2018** **$** **(Restated)**
Opening amount as at 1 October	36,861	3,582,312
Revision of estimates	(151,215)	4,338,711
Unwinding of discount	382,145	192,031
Decrease in provision	(1,556,816)	-
Utilisation	-	(4,757)
Liability from acquisition of subsidiary	20,792	-
Translation differences	(23,902)	(135,516)
Less: Amounts held for sale	(1,711,467)	-
Less: Amounts held for distribution*	8,104,377	(7,935,920)
Closing balance at 30 September	5,100,775	36,861
Of which:		
Current portion	30,478	36,861
Non--current portion	5,070,297	-
	5,100,775	36,861

(Expressed in Thousands of Trinidad and Tobago Dollars)

19. Provisions (continued)

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 discounted at rates between 3.8% and 6.25% based on reserves.

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 2019 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	6,049,750
1% decrease escalation rate	4,164,472
1% increase in discount rate	5,107,206
1% decrease in discount rate	6,047,054

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

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 a particular line 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.

The Point Fortin Refinery was transferred as at 1 December 2018 and as such the dismantlement calculation for the Point Fortin Refinery is current on the basis that there is no clear plan on when this will actually take place. On this basis, there is no inflation or discounting.

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.

19. Provisions (continued)

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

The estimated decommissioning cost at the end of the producing lives of fields is reviewed annually and is based on engineering estimates and reports. Provision is made for the estimated cost of decommissioning at the reporting date. The provision has been estimated using existing technology, at current prices using an escalation rate. Effective 1 December 2018, the decommissioning provision in relation to the exploration and production assets and refining and marketing assets were vested into the new companies under common control.

The amount and timing of settlement in respect of future exploration and production decommissioning provisions are uncertain and dependent on various factors that are not always within Management's control but are currently anticipated to be between 2018 and 2065.

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.

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 15 (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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

20. **Trade and other payables**

	2019	2018
	2019	**2018**
	$	$
	$	$
Trade payables	835,475	980,300
Benefits due to employees	104,568	811,040
Restructuring provision	371,140	2,252,729
Accrued expenses	865,143	623,811
Accrued interest	77,826	144,682
Abandonment liability	65,330	-
Other payables	253,458	189,531
Royalties and other fees	13,860	-
Trade and other payables	2,586,799	5,002,093

*Royalties are shown net of amounts recoverable from Ministry of Energy and Energy Industries of $542.2m.

Due from related parties

	2019	2018
	$	$
National Petroleum Marketing Company	1,247	214,686
National Gas Company of TT	97,435	-
Due to Government of Trinidad and Tobago		-
- Royalties	1,417,754	992,575
- Taxes other than income tax	1,946,302	1,647,436
	3,462,738	**2,854,697**

a. *Accounting policy*

Trade payables

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

20. **Trade and other payables (continued)**

a. *Accounting policy (continued)*

Provisions

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

Provisions are measured at the present value of 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	6,506	1,851,697
Contract termination penalties	68,475	68,475
Onerous contract provisions	296,159	315,226
Professional fees	--	15,724
Legal costs	--	1,607
	371,140	2,252,729

(i) 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 fiscal year 2018.

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

20. **Trade and other payables (continued)**

c. *Restructuring provisions*

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

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

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

21. **Short term loans**

	2019 $	2018 $
Secured – GORTT guarantee	1,555,998	1,553,018
Unsecured	1,261,432	1,865,333
Short term loans	2,817,430	3,418,351

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 730 days (2018: 5 to 362 days).

Other	2019 $	2018 $
National Gas Company of Trinidad and Tobago	64,159	--

This represents the balance owed to the National Gas Company of Trinidad and Tobago (NGC) by Trintomar in respect of a Shareholders Loan provided to meet the shortfall in funding required to complete the Pelican Development Project back in 1993. 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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

22 **Revenue**

	2019 $	2018 $
Refined products sales	--	23,403,861
Natural gas sales	328,816	395,020
Crude oil sales	4,829,108	289,364
Royalty income	229,173	432,242
Natural gas liquids sale	11,112	15,747
Other revenue	5,069	6,442
	5,403,278	24,542,676

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.

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 via pipelines to 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. Revenue 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 market practice.

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

22 Revenue (continued)

a. *Accounting policy*

(ii) *Refined products*

Revenue is 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.

(iii) *Bunkering*

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

(iv) *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 asset (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.

(v) *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.

(vi) *Marine Income and processing fees*

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

(vii) *Rental income from Niquan*

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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

23 **Expenses by nature**

	Year ended 30 September 2019				
	Cost of sales	Administrative expenses	Marketing expenses	Other operating expenses	Total
	$	$	$	$	$
Purchases	1,261,999	-	-	-	1,261,999
Production taxes	163,122	-	-	16	163,138
Employee benefits expense (excluding retirement benefits)	64,684	28,614	-	-	93,298
Production and refining expenses	756,484	-	-	-	756,484
Movement in inventories	112,833	-	-	1,386	114,219
Depreciation	583,480	-	-	23	583,503
Loss on disposal of property, plant and equipment	4,359	-	-	-	4,359
Increase in provision for inventory obsolescence	12,777	-	-	-	12,777
Impairment of PPE Assets	-	4,164	-	-	4,164
Write back of negative assets	(72,794)	-	-	-	(72,794)
Insurance	-	25,896	-	-	25,896
Legal and professional fees	-	2,030	140	35,289	37,459
Charge for bad and doubtful debts	-	-	-	(37,010)	(37,010)
Directors and key management remuneration	-	398	-	774	1,172
Loss on foreign currency exchange - realised	-	8,845	-	(2,530)	6,315
Loss on foreign currency exchange- unrealised	-	-	-	8,128	8,128
Processing fee	51,674	-	-	-	51,674
Supplemental petroleum tax	206,012	-	-	-	206,012
Royalty	407,827	-	-	-	407,827
Green fund	-	16,195	-	-	16,195
Other expenses	(49,466)	3,935	485	12,508	(32,538)
Total	**3,502,991**	**90,077**	**625**	**18,584**	**3,612,277**

*Supplemental petroleum tax

By way of letter dated xx 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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

23 **Expenses by nature (continued)**

	Year ended 30 September 2018 Cost of sales	Administrative expenses	Marketing expenses	Other operating expenses	Total
	$	$	$	$	$
Purchases	16,717,323	--	--	--	16,717,323
Production taxes	1,943,256	--	--	--	1,943,256
Employee benefits expense (excluding retirement benefits)	1,207,966	581,195	61,873	--	1,851,034
Termination benefit	--	1,851,697	--	--	1,851,697
Production and refining expenses	1,893,020	--	--	--	1,893,020
Movement in inventories	(669,073)	--	--	--	(669,073)
Amortisation of intangible assets	406,237	--	--	9,502	415,739
Write back of negative assets*	(32,186)	--	--	--	(32,186)
Depreciation	1,377,437		34,875	15,414	1,427,726
Rental of equipment	396,830	9,745	2,633		409,208
Impairment -- PPE	15,057,117	56,532			15,113,649
Charge for bad and doubtful debts	380,028	2,352	--	--	382,380
Directors and key management remuneration	--	10,090	--	--	10,090
Loss on foreign currency exchange -- realised	--	--	--	22,494	22,494
Net medical benefit cost	--	(1,996,800)	--	--	(1,996,800)
Net pension cost	--	(472,900)	--	--	(472,900)
Other expenses	68,649	15,448	86,674	61,345	232,116
Total	**38,746,604**	**57,359**	**186,055**	**108,755**	**39,098,773**

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

24 **Impairment write --back/(losses) related to investments**

	2019 $	2018 $
Impairment loss related to loans receivable:		
- WGTL TL in receivership (NIQUAN)	-	(2,830)
Impairment related to shares in LABIDCO (Note 6)	(1,138)	(22,689)
	(1,138)	(25,519)
Reversal of previous impairment losses:		
- CLICO	-	(13)
- WGTL (NIQUAN)	-	68,795
	-	68,808
Net impairment write--back	(1,138)	43,289

Based on a valuation undertaken by a professional valuation firm, LABIDCO shares were impaired by $1,138 (2018: $22,689) Note 6

25 **Other operating income**

	2019 $	2018 $
Marine income	--	86,704
Processing fees		2,303
Income from utilities	--	5,904
Interest on receivables	--	55,897
Storage fees		413
Access fees	--	6,744
Sulphuric acid sales	--	8,356
Gain on foreign currency exchange	--	129,438
Pipeline rentals	(38,678)	--
Other income	4,376	13,593
	(34,302)	309,352

(Expressed in Thousands of Trinidad and Tobago Dollars)

26 Net finance costs

	2019 $	2018 $
Finance expense		
- Bank borrowings	(774,035)	(866,491)
- Finance charge on decommissioning costs (Note 19)	(290,934)	(192,727)
	(1,064,969)	(1,059,218)
Finance income		
Interest income on short term investments	12,072	2,170
Net finance costs	(1,052,897)	(1,057,048)

In the year ended 30 September 2019, TPHL incurred interest on borrowings of $774,035 (2018: $866,491).

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

	2019 $	2018 $
Salaries and wages	65,357	1,324,936
Allowances	23,415	113,224
Overtime	393	188,732
Other personnel costs	853	11,384
Medical services	1,649	44,909
Travel plan	12	19,293
Housing aid	--	18,014
Savings plan	--	44,215
Voluntary selective separation plan	189	--
National insurance	1,429	86,327
	93,298	1,851,034

28 Contingent liabilities

a. *Housing loan guarantee*

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 01 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 (2018: $146,578 / US$21,708).

The Group has an outstanding letter of credit facility with a financial institution for US$22,265,532. This credit facility was established to meet Heritage's 15% share of its abandonment liability with respect to its TSP Joint Venture (Note 30).

28 **Contingent liabilities (continued)**

c. *Litigation*

Contractors' claims against the Group amounted to $229,893 (2018: $210,740) for which the Group has not recognised as an obligation.

In addition, there are a number of other legal claims against the Group amounting to $52,157 (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") 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, no provision was made in fiscal year 2019 and 2018.

d. *Customs and Immigration bonds*

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

e. *Financial support guarantee*

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

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

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

28 **Contingent liabilities (continued)**

g. *Other*

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

29 **Commitments**

a. *Operating lease commitments – where the Group is the lessee*

The lease expenditure charged to the profit and loss during the year is disclosed in Note 20.

b. *Sales commitments*

Prior to 30 November 2018, the Group had entered into long-term sales contracts with a number of 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 nil (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	--	--
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	1,838,402	1,028,040

c. *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	3,628	1,922,145	729,446	419,515
Jet Fuel	720	396,817	239,276	153,785
Fuel	75	28,007	--	--
Mogas 95 RON	1,338	667,209	234,348	127,982
Mogas 92 RON	2,411	1,173,282	239,264	103,020
	8,172	4,187,460	1,442,334	804,302

(Expressed in Thousands of Trinidad and Tobago Dollars)

30 (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	**--**	**--**	--	--

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

(ii) *Recognized fair value measurements*

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

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

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

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

30 (a) **Fair value - investments**

(iii) *Valuation techniques used to determine fair values*

Specific valuation techniques used to value financial instruments include:

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

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

(iv) *Valuation inputs and relationships to fair value*

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

Description	**Fair Value at**		**Unobservable inputs**	**Range of inputs (probability-weighted average)**		**Relationship of unobservable inputs to fair value**
	30-Sep-19 $	30-Sep-18 $		2019	2018	
LABIDCO Preference shares	Nil	1,138	Earnings growth factor		$1,190 - $1,140	Any further decrease in the income would not impact the investment as it has already been valued at nil.
NiQuan Energy Trinidad Limited Preference shares	Nil	N/A	Discount rate	N/A	N/A	Any further increase in the discount rate would not impact the investment as it has already been valued at nil.

30 (b) **Fair value – R&M Assets, land and buildings and medical centres**

(i) *Valuation processes*

The decision to cease operations and restructure PETROTRIN as described in Note 1 this was considered an impairment trigger for each cash generating unit (CGU). PETROTRIN has two independent CGU's being E&P and R&M. E&P assets were assessed for impairment using the value in use method. R&M assets and other corporate assets (for which there is no independent cash flows) were assessed for impairment using a number of fair value methods as described below.

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

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

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

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

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

Valuation of land and buildings:

The various land and buildings were valued using a cost or income capitalisation approach based on the assumed land area for each of the subject properties.

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

Valuation of medical centres:

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

There were no changes in level 2 and 3 fair values as this is the first year the Group has carried out fair valuations over certain of its assets due to the decision to restructure and the basis of presentation adopted as described in Note 28.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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

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 30 (a) (ii).

		2019		
	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

				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. This is the second year the Group has carried out a fair value assessment and all of 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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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

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

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	670	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	15,324	Acreage	5.2 acres	
Land and Buildings - Refinery Lab (and associated buildings)	-	-	N/A	N/A	N/A
R&M refinery assets	-	-	N/A	N/A	N/A
Medical centres	19,830	7,508	Rent per sq. foot	$3.50--$22.50 per sq. foot	Depending on the size, type of accommodation and amenities provided
Spares	--	--	N/A	N/A	N/A
Catalyst	--	--	N/A	N/A	N/A
Terminalling assets	--	--	N/A	N/A	N/A

(Expressed in Thousands of Trinidad and Tobago Dollars)

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

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

Description	Fair Value as at	Carrying Value as at	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30-Sep-19 $	**30-Sep-19 $**		2019	
Land – Palo Seco Facilities	10,650	2,520		16.33 acres	A variance of +/- 10% to 15% for Palo Seco property
Land and Buildings – Gobion Retreat, Mt Irvine Tobago	4,800	4,288		0.59 acres	A variance of - 15% to - 30% for land and building.
A variance of +/- 10% to 15% for Palo Seco property	15,500	9,718		0.36 acres	A variance of +/- 10% to 15% for land and building.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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

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

Description	Fair Value as at 30-Sep-18 $	Carrying Value as at 30-Sep-18 $	Unobservable inputs	Range of inputs (probability-weighted average) 2018	Relationship of unobservable inputs to fair value
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

(Expressed in Thousands of Trinidad and Tobago Dollars)

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

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

Description	Fair Value as at	Carrying Value as at	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30-Sep-18 $	30-Sep-18 $		2018	
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

* No valuations were performed for these properties as at 30 September 2018.

30 (c) **Fair value – refinery assets including capital and operating spares and catalysts**

(i) *Valuation processes*

The decision to sell the refinery operations as described in Note 15 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. These teams report directly to the Group Chief Financial Officer. Discussions of valuation processes and results were held between the Group Chief Financial Officer and the valuation team periodically.

Valuation of refinery including capital and operating spares and catalysts:

The refinery 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 Guaracara are derived and evaluated as follows:

- Replacement cost new
- Normal useful life
- Physical depreciation
- Functional obsolescence
- Economic obsolescence
- Current condition and restart (refinery only)

(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, Guaracara has classified its non-financial assets into the three levels prescribed under the accounting standards.

30 (c) **Fair value – refinery assets including capital and operating spares and catalysts (continued)**

(ii) *Fair value hierarchy*

	Level 1 $	Level 2 $	Level 3 $	Total $
Refinery assets	--	--	3,316,568	3,316,568
Spares – capital & operating	--	--	127,886	127,886
Catalysts – PPE & inventories	--	--	213,514	213,514
Total non-financial assets	--	--	3,657,608	3,657,608

(iii) *Recognized fair value measurements*

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

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

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

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

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

30 (c) **Fair value – refinery assets including capital and operating spares and catalysts (continued)**

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

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

Description	Fair Value as at	Carrying Value as at	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30-Sep-19 $	30-Sep-19 $		2019	
Land and Buildings - Refinery Lab (and associated buildings)	59,500	59,334	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	3,316,568	2,337,796	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

(Expressed in Thousands of Trinidad and Tobago Dollars)

30 (c) **Fair value – refinery assets including capital and operating spares and catalysts (continued)**

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

Description	Fair Value as at	Carrying Value as at	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30-Sep-19 $	**30-Sep-19 $**		**2019**	
Spares – capital and operating	127,886	123,899	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 – PPE and inventories	213,154	145,469	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

30 (d) **Fair value – terminalling assets including capital and operating spares**

(i). *Valuation processes*

The decision to sell the terminalling operations as described in Note 15 was considered an impairment trigger.

The Group engaged an independent professional valuator to perform the valuations of property items required for financial reporting purposes, including level 3 fair values. These teams report directly to the General Manager. Discussions of valuation processes and results were held between Management and the valuation team periodically.

Valuation of terminalling assets capital and operating spares and catalysts:

The 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 Paria are derived and evaluated as follows:

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

30 (d) **Fair value – terminalling assets including capital and operating spares (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, Paria has classified its non-financial assets into the three levels prescribed under the accounting standards.

	Level 1 $	Level 2 $	Level 3 $	Total $
Terminalling assets				
Total non-financial assets			**488,779**	488,779

(iii). *Recognized fair value measurements*

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

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

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

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

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

(Expressed in Thousands of Trinidad and Tobago Dollars)

30 (d) **Fair value – terminalling assets including capital and operating spares (continued)**

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

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

Description	Fair Value as at	Carrying Value as at	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30-Sep-19 $	30-Sep-19 $		2019	
Terminalling assets	900,943	488,779	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

31 **Summary of significant accounting policies**

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

a. *Basis of preparation*

(i) *Compliance with IFRS*

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

(ii) *Historical cost convention*

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

- financial assets at fair value through other comprehensive income – measurement at fair value

(iii) *Change in basis of measurement*

In accordance with IAS 1 "Presentation of Financial Statements" and IAS 10 "Events after the Reporting Period" the Group changed the basis of preparing financial statements from going concern to a non--going concern effective 1 October 2017 due to the decision taken by the Board of Directors as explained in Note 1.

This change in the basis of preparation was adopted as IAS 10 does not permit use of the going concern basis of accounting if management intends to cease operations either before or after year--end. This basis of presentation differs from the presentation adopted in the prior year when the Group was a going concern.

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

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

a. *Basis of preparation (continued)*

(iii) *Change in basis of measurement (continued)*

Arising from the Group's decision to cease operations, this was considered an impairment trigger for certain of the Group's assets as these are not expected to be realised in the normal course of business but rather from a process of divestment. See Note 5 Property, plant and equipment, Note 6 Available--for--sale financial instruments and Note 27 Fair value. Management has already begun the process of divestment and expects to utilise the income generated from the divestment process to settle any outstanding liabilities of the Group going forward. Given the non--going concern basis of preparation and the uncertainty of when the divestment process will be completed management re--classified all of the assets as current at year end to reflect the fact that the Group is winding down.

The Group's liabilities with the exception of the medical and pension plan obligations have all been treated as current. The current liabilities reflect the manner in which the Group is expected to settle these obligations which comprises short term loans, creditor balances, amounts due to the tax authorities, liabilities held for distribution and dismantlement provisions. Long term loan facilities have also been classified as current on the basis that these were transferred to the newly structured Group as at 1 December 2018. Deferred taxes were also treated as current as the assets that gave rise to these liabilities will all be distributed within 12 months after the year end and the liability will no longer exist. The decommissioning provision have also been treated as current due to the uncertainty of when this will actually take place but it is management's intention to honour this obligations once the funds are realised from the divestment process to allow for this to be done. PETROTRIN's obligation for the medical and pension plans are expected to continue into the foreseeable future for a period for more than 12 months and have therefore been presented as non--current.

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 $XXX (2018 $12,353,765) and as at that date, the Group's current liabilities (inclusive of assets held for distribution to owners) exceeded current assets by $XXX (2018: $12,139,165). Assets held for distribution to owner amount to $XXX (2018: $14,526,535). Management and the Board of Directors are taking all reasonable steps to ensure all liabilities will be settled. The impact on the measurement of the Group's assets and liabilities has been specified in the notes to the Financial Statements. Additionally, the Group has recognised possible contractual obligations as a result of the restructuring (See Note 15 (c)). The Group has also disclosed contingent liabilities that could arise from the restructuring process, see Note 25.

(iv) *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

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

a. *Basis of preparation (continued)*

(v) *New standards, amendments and interpretations not yet adopted by the Group*

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 in light of 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 has not yet been determined.	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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

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

a. *Basis of preparation (continued)*

(v) *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

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

a. *Basis of preparation (continued)*

(v) *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, ie 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.	No impact	Effective for annual periods beginning on or after 1 January 2019

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

a. *Basis of preparation (continued)*

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

Title	**Key Requirements**	**Impact**	**Effective Date**
Prepayment Features with Negative Compensation – Amendments to IFRS 9	The narrow--scope amendments made to AASB 9 Financial Instruments in December 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.	No impact	Effective for annual periods beginning on or after 1 January 2019
Long--term Interests in Associates and Joint Ventures – Amendments to IAS 28	The amendments clarify the accounting for long--term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128 Investments in Associates and Joint Ventures.	No impact	Effective for annual periods beginning on or after 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

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

a. *Basis of preparation (continued)*

(v) *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

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

a. *Basis of preparation (continued)*

(v) *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

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

a. *Basis of preparation (continued)*

(v) *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.	No impact	01 January 2019

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.

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

b. *Foreign currency translation*

Translation to presentation currency

(ii) *Transactions and balances*

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

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

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

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

c. Transactions with related parties *(Note 2.5)*

d. *Property, plant and equipment – tangible and intangible (Note 5 a.)*

e. *Available for sale financial instruments (Note 6 a.)*

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

g. *Inventory (Note 9 a.)*

h. R*eceivables and prepayments (Note 10 a.)*

i. *Cash and cash equivalents (Note 11 a.)*

j. *Assets and liabilities held for distribution (Note 12 a.)*

k. *Share capital (Note 13 a.)*

l. *Retirement benefit (obligation/asset (Note 14 c.)*

m. *Trade and other payables (Note 15 a.)*

n. *Borrowings (Note 16 a.)*

o. *Provision (Note 18 a.)*

p. *Revenue (Note 19 a.)*

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

q. *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 of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the 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.

31. Summary of significant accounting policies (continued)

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 on the basis of 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 Company's incremental borrowing rate.

Leased assets

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

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

Assets held under other leases are classified as operating leases and are not recognised in the Company'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.

(Expressed in Thousands of Trinidad and Tobago Dollars)

32. Subsequent events

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$22,855,889 effective 9 December 2019. See note 26 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 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 Directors have a reasonable expectation that the required actions will be successful and therefore the financial statements have been prepared on the going concern basis.

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

At the date of issue of the financial statements the planned sale of The Guaracara Refining Company and Paria Fuel Trading Company Limited was not concluded.

33. Restatements

The 2018 Vesting Act for Petroleum Company of Trinidad and Tobago Limited (PCTT) transferred assets to the new entities Heritage Petroleum Company Limited, The Guaracara Refining Company and Paria Fuel Trading Company Limited.

Certain assets which remained with PCTT were incorrectly treated as transferred to PARIA and GRC and the dismantlement calculation for 2018 included these assets.

During 2019 a detailed analysis was done and which resulted in a more accurate allocation to the new entities resulted to the revised dismantlement provision as at 30 September 2018.

	As previously reported	Adjustments	Restated
Current assets	$	$	$
Property, plant and equipment	77,757	315	78,072
Deferred tax assets	5,100,052	(51,581)	5,048,471
Assets classified as held for distribution to owners	14,526,535	(107,509)	14,419,026
Current liabilities			
Provision	608,514	(571,653)	36,861
Liabilities classified as held for distribution to owners	8,125,666	101,845	8,227,511
Accumulated deficit	(14,932,414)	362,614	(14,569,800)
Effect on statement of profit and loss			
Cost of sales	(39,109,218)	362,614	(38,746,604)

(Expressed in Thousands of Trinidad and Tobago Dollars)

34. **Segment Information**

In the current period, the Group is organised and managed on the basis of two reportable segments, E&P and Terminalling. The Board of Directors and Management use the results of these segments for decision making, accessing performance and determining strategies. 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) activities were accounted for as described in Note 13.

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

	E&P	Other	Discontinued Operations	Total
	$	$	$	
Total segment revenue	5,398,209	5,069	10,171,765	15,575,043

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

	E&P	Other	Discontinued Operations	Total
	$	$	$	$
Depreciation and amortisation	874,414	23	140,871	1,015,308

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

	E&P	Other	Discontinued Operations	Total
	$	$	$	$
Assets	10,951,280	1,002,347	4,135,011	16,088,638
Liabilities	9,952,259	20,297,307	1,716,433	31,965,999
Capital expenditure	192,659	-	(107)	192,522