ANNUAL **REPORT** 2020

NAVIGATING NEW HORIZONS

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

A SUBSIDIARY OF THE NATIONAL GAS COMPANY OF TRINIDAD AND TOBAGO LIMITED

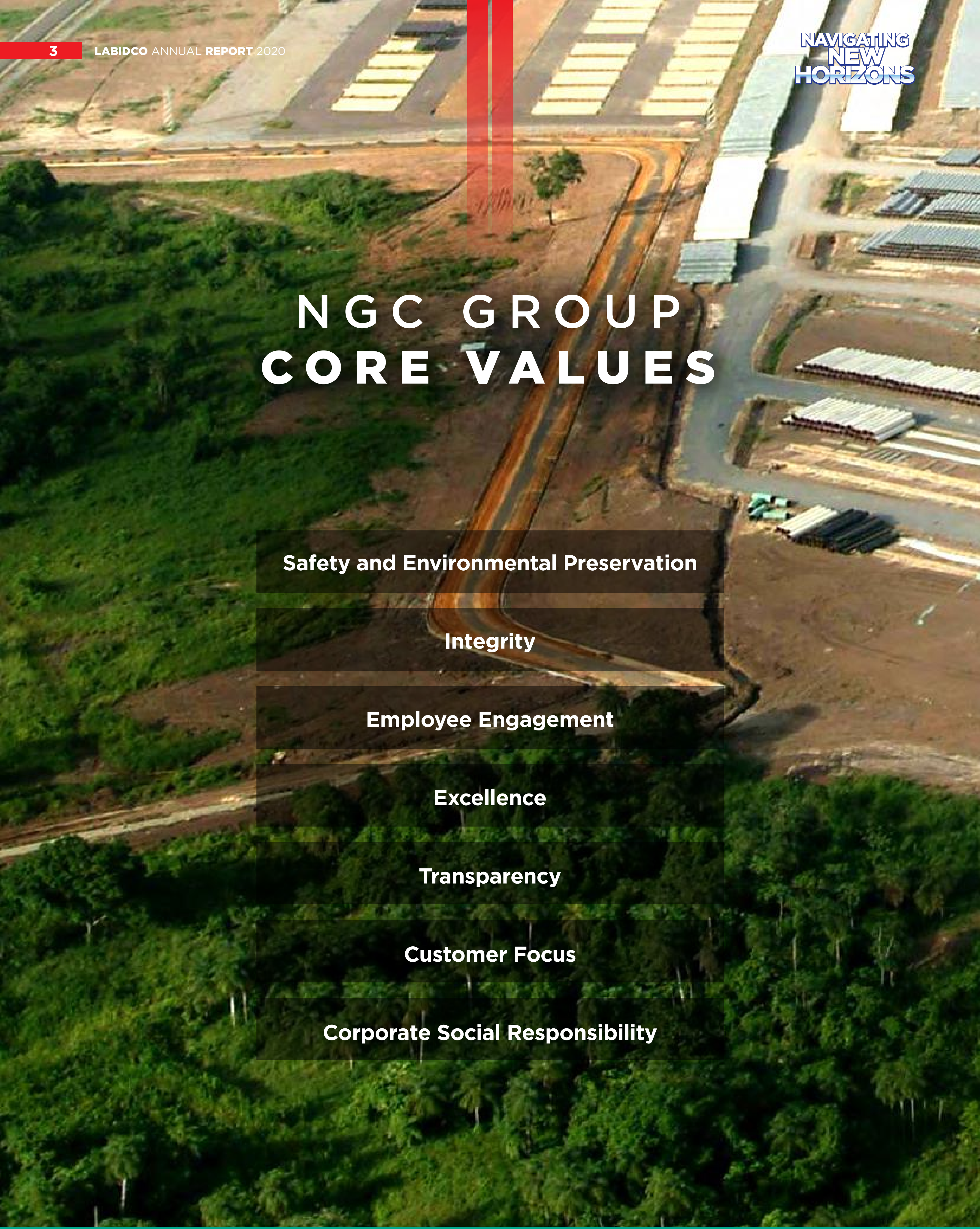
CONTENTS

NGC GROUP VISION

To be a recognised global leader in the development of sustainable energy-related businesses.

NGC GROUP MISSION

To create exceptional value from natural gas and related energy businesses through our people and strategic partnerships.



NGC GROUP CORE VALUES

- Safety and Environmental Preservation
- Integrity
- Employee Engagement
- Excellence
- Transparency
- Customer Focus
- Corporate Social Responsibility

CORPORATE PROFILE

La Brea Industrial Development Company Limited (LABIDCO) was formed in February 1995 to develop the La Brea Industrial Estate for industrial activity.

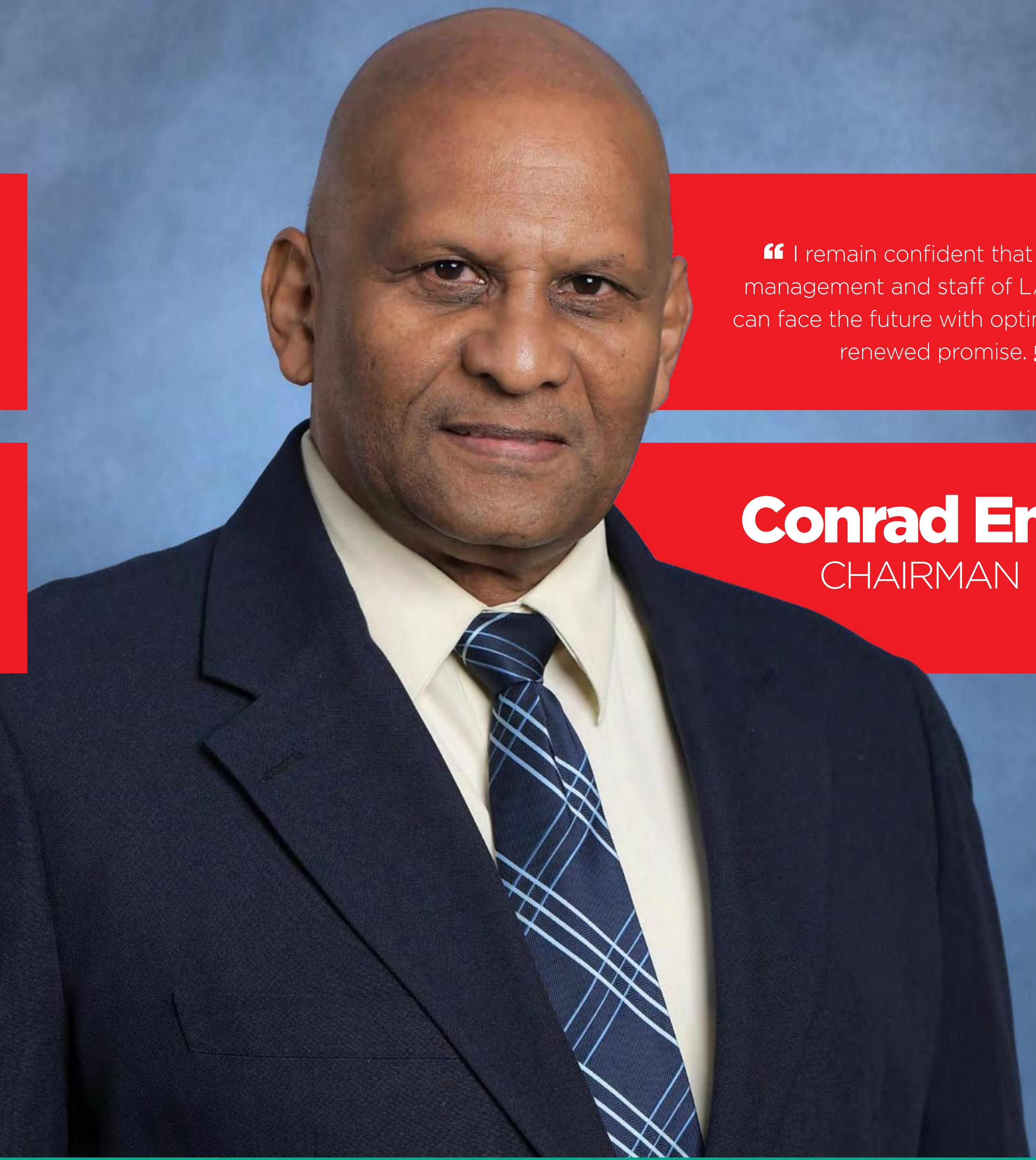
The Company's principal business is the promotion, development, and management of an industrial estate and marine infrastructure facilities in support of energy sector development.

The National Gas Company of Trinidad and Tobago Limited (NGC) has 91.55% shareholding in LABIDCO and the Petroleum Company of Trinidad and Tobago Limited (PETROTRIN) holds the remaining 8.45%.

The Company offers port and estate facilities for:

- **Leased land**
- **Bioremediation and waste disposal services**
- **Import/export of petrochemicals, general and project cargo**
- **Logistics services**
- **Open and covered storage**
- **Dock/yard for large-scale fabrication services**

Chairman's Review



"I remain confident that the management and staff of LABIDCO can face the future with optimism and renewed promise."

Conrad Enill
CHAIRMAN

NAVIGATING NEW HORIZONS

In 2020, the COVID-19 pandemic impacted global markets with adverse effects on most industries, including trade and shipping. While the pandemic also impacted LABIDCO's operations, the Company seized the opportunity to improve and transform the way business was conducted by introducing new technology, systems, COVID-19 protocols, and critical human resources, all with a keen focus on safety and operational efficiency.

LABIDCO's performance in 2020 was attributable to the staff of the Company who, despite the challenges associated with the pandemic, adhered to the required safety guidelines and industry best practices.

In considering the key strategic drivers to achieve sustainability, LABIDCO continued its planning process by focusing on the pillars of:

- **Securing Current Business**
- **Growing Locally**
- **Developing the Organisation**
- **Strengthening National Contribution**

Throughout the year, LABIDCO continued its search for innovative solutions to achieve growth, despite the current challenges. A direct outcome of the Company's growth strategy was a significant increase in revenues due to the expansion of its operations.

OPERATING PROFITS OF **TT$10.55M** WAS **TT$11.37M** HIGHER THAN **2019**

TT$30.09M IMPAIRMENT LOSS EXPENSE FOR **2020**

A LOSS OF **TT$32.87M** FOR THE YEAR ENDED **2020**

Despite the incurred loss for the 2020 operating cycle, the organisation made significant strides in advancing its objectives. One such advancement was the digitisation of the Enterprise Risk Management and Business Continuity Management Systems. The digitisation of these systems improved business safety and efficiency and created new opportunities to achieve sustainability. The use of technology will provide better opportunities to increase revenue, reduce cost, and enhance value creation streams in the future.

During the year, the Company invested heavily in the safety and development of its human capital, exposing staff to continuous training in the areas of asset maintenance, project management, value creation, safety, and security.

Under its Corporate Social Responsibility (CSR) Portfolio, LABIDCO maintained its work with its fenceline communities and supported efforts in projects associated with education, sport, community well-being, and empowerment.

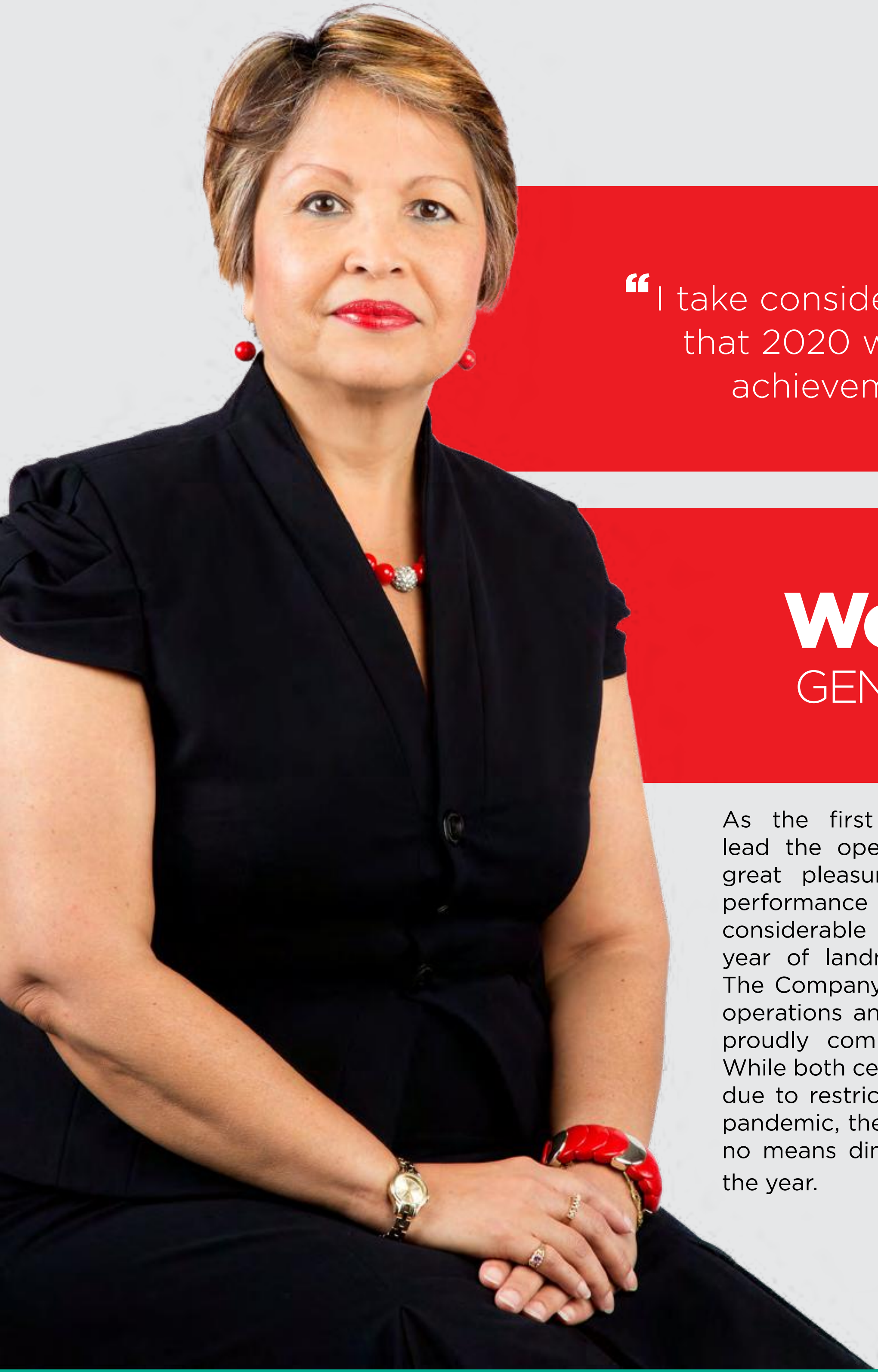
As we plan for 2021 and beyond, we will focus on creating an environment that drives innovation, value creation, and operational excellence. I remain confident that the management and staff of LABIDCO can face the future with optimism and renewed promise.

I wish to thank my fellow directors, our management team, and our employees for their contribution during these difficult times. Together we will continue to strive for excellence for the benefit of the people of Trinidad and Tobago.

Conrad Enill
Chairman

NAVIGATING NEW HORIZONS

General Manager's Report



"I take considerable pride in declaring that 2020 was a year of landmark achievements for LABIDCO."

Wendy Seow

GENERAL MANAGER

As the first General Manager appointed to lead the operations of LABIDCO, it gives me great pleasure to report on the Company's performance for the 2020 financial year. I take considerable pride in declaring that 2020 was a year of landmark achievements for LABIDCO. The Company celebrated 25 years of successful operations and joined parent company, NGC, in proudly commemorating its 45th anniversary. While both celebrations were somewhat subdued due to restrictions brought on by the COVID-19 pandemic, the feeling of accomplishment was by no means diminished and prevailed throughout the year.

Over the years, LABIDCO has been entrusted with promoting, developing, and operating the La Brea Industrial Estate (LBIE) and the Port of Brighton to support the energy sector's development. While we have served the sector well over the last two decades, our transformation strategy has been prompted by several underlying shifts in the oil and gas industry towards a more sustainable industry.

Operational Highlights

Notwithstanding limitations brought on by the pandemic, the Company successfully advanced measures to facilitate the first methanol export shipment at Berth 2, Port of Brighton in September 2020. This was a significant landmark in LABIDCO's history as it was the first operation of its kind at the Port and signalled the expansion of LABIDCO's operations to include the shipment of petrochemicals. This initial shipment was followed by three additional shipments to complete the year.

Staying true to its mandate, LABIDCO also supported the successful loadout of bpTT's Cassia C jacket, pile and bridge landing at Berth 2, fabricated 300m off the berth by a tenant company operating at the LBIE. The jacket and eight lengths of piles with a combined total weight of 5,107 MT were transported and loaded on a barge which sailed to its destination - an offshore platform situated 35 miles offshore southeast Trinidad. This operation featured another critical platform component manufactured at LBIE.

Another operational highlight in 2020 was the discharge, storage and loading operations of 24 lengths of anchor chains weighing a total of 4,836 MT, in support of the activities in the upstream energy sector. The operation was successfully executed with zero incidents, as a result of careful planning by the LABIDCO team.

Health, Safety, Security and Environment (HSSE) Highlights

In 2020, under the ambit of the Group's Business Continuity Planning Team, LABIDCO introduced several COVID-19-related protocols, including the development of Health Declaration forms for staff and contractors, thermal scanning at all points of entry and office reconfiguration to facilitate social distancing of rostered staff. Additionally, the Company successfully instituted a work-from-home framework which allowed non-essential personnel to work safely within the ambits of their homes.

Improvements were also made to LABIDCO's emergency response capabilities through the procurement of specialised emergency response equipment and implementation of a Permit to Work Procedure that was more aligned to that of parent company, NGC. Further, LABIDCO reintroduced its 24-hour Security checkpoint to the LBIE as an added security benefit to users and tenants of the facility. This was a necessary move due to the expansion of activities at the Port of Brighton and the LBIE.

Process Innovation

LABIDCO's performance in 2020 was underscored by its use of innovative, best-practice approaches. One example of this was via the implementation of an Electronic Data Management (EDM) system for Cargo Operations. This new, paperless EDM system successfully digitised the interface between the port, the stevedoring company, the client, and the vessel. Through the automation of this system, each stakeholder in the process now possessed the ability to update, report and access requisite vessel and cargo information in real-time, while limiting the need for physical interaction.

Corporate Social Responsibility

The disruption brought on by the COVID-19 pandemic compelled LABIDCO to expand its presence within the community via its Corporate Social Responsibility (CSR) strategy. Key areas of focus included education and community support and welfare. In the spirit of CSR, partnerships were established with several stakeholders, including:

- Village Councils - to advance the completion of the Government's COVID-19 support forms for members of the community.
- Schools – to facilitate the printing and distribution of class content in support of the Ministry of Education's curriculum.
- Employees – to distribute food vouchers to those most in need within the community.

I take this opportunity to convey my gratitude to the various community liaisons who would have stepped up to the challenge to advance these and other initiatives instituted throughout, what most would call, a disruptive year. Rest assured that your support guaranteed the success of these undertakings.

Conclusion

Amidst the challenges faced by the sector in 2020, LABIDCO persevered and successfully created value for the sector and its valued customers. I thank the Board for the confidence placed in me to steer the Company through its transformation journey, and I applaud the efforts of our staff for their unwavering support and willingness to embrace the necessary changes occurring within the organisation. While the road to success is not always an easy one, I feel highly confident that our ongoing transformative endeavours will enable us to emerge a stronger and resilient team. Together, we have made significant progress in advancing our strategies. I look forward with much anticipation to the exciting times ahead for LABIDCO and its parent company, NGC.

Wendy Seow

Wendy Seow
GENERAL MANAGER

Board of Directors

Conrad Enill
CHAIRMAN

Kenneth Allum

Sean Balkissoon

Arnold de Four

Wade Hamilton

Marcus Ganness
RESIGNED WITH EFFECT 31/12/2020

Board of Directors

Dan Martineau

Sandra Fraser

Howard Dottin

Dominic Rampersad

Dr. Vernon Paltoo

Camille Blackman
COMPANY SECRETARY

Directors' Report

The Directors are pleased to submit their Report to the Members together with the Financial Statements for the year ended 31 December 2020.

1. BUSINESS ACTIVITIES

La Brea Industrial Development Company Limited's (LABIDCO) core business is the promotion, development and management of an industrial estate and marine infrastructure facilities in support of energy industry development. The Company offers port and estate facilities for leased land, bioremediation and waste disposal services, import/export of petrochemicals, general and project cargo, logistics services, dock/yard for large-scale fabrication services and open and covered storage.

2. FINANCIAL RESULTS

LABIDCO recorded a net loss of TT$32.87M after providing impairment losses of TT$30.09M for disposed marine infrastructure which was booked in the current year.

LABIDCO's operating profit was TT$10.55M for 2020 when compared to the 2019 operating loss of TT$0.82M.

LABIDCO's revenue increased in 2020 by $5.04M to TT$37.47M compared to TT$32.40M in the prior period due to increased port activity and the expansion of operations at the port with the introduction of methanol loading in 2020.

The financial performance for the period is summarised as follows:

	2020 TT$'000	2019 TT$'000
Revenue	37,468	32,402
Operating expenses	(26,922)	(33,227)
Operating profit/(loss)	**10,546**	**(825)**
Administrative and other expenses	(13,323)	(16,368)
	(2,777)	(17,193)
Impairment losses	(30,091)	-
Net loss for year	**(32,868)**	**(17,193)**

		2020 TT$'000	2019 TT$'000
Assets:	Property, plant and equipment	390,004	440,267
	Deferred taxation	33,629	27,902
	Debtors and prepayments	33,249	33,466
	Cash & investments	38,325	23,256
		495,207	524,891
Liabilities:	Share capital	573,131	573,131
	Accumulated losses	(135,308)	(102,440)
	Deferred taxation	13,761	16,769
	Shareholder advances	450	322
	Creditors & accruals	43,173	37,109
		495,207	524,891

3. DIRECTORS

The Board of Directors of LABIDCO comprised the following members between January 2020 and December 2020

- Mr. Conrad Enill (Chairman)
- Mr. Kenneth Allum
- Mr. Sean Balkissoon
- Mr. Arnold de Four
- Mr. Wade Hamilton
- Mr. Dan Martineau
- Ms. Sandra Fraser appointed to the Board on 30 January 2020
- Dr. Vernon Paltoo appointed to the Board on 30 January 2020
- Mr. Dominic Rampersad appointed to the Board on 30 January 2020
- Mr. Howard Dottin was appointed to the Board on 2 April 2020
- Mr. Marcus Ganness resigned from the Board on 31 December 2020

The LABIDCO Board held five (5) meetings for the period 1 January to 31 December 2020.

Also, the following Board Sub Committees continued to assist in the governance function of the company:

a) The Audit Committee comprised the following members as of 31 December 2020:
   - Mr. Howard Dottin - Chairman
   - Ms. Sandra Fraser
   - Mr. Domnic Rampersad

The Audit Committee held two (2) meetings in 2020.

b) The Human Resources Committee comprised the following members as of 31 December 2020:
   - Mr. Conrad Enill - Chairman
   - Mr. Kenneth Allum
   - Mr. Sean Balkissoon

The Human Resources Committee held four (4) meetings in 2020.

c) The Finance and Investment Committee comprised the following members as of 31 December 2020:
   - Mr. Dan Martineau - Chairman
   - Mr. Conrad Enill
   - Mr. Howard Dottin

The Finance and Investment Committee held five (5) meetings in 2020.

d) The Operations Committee comprised the following members as of 31 December 2020:
   - Mr. Kenneth Allum - Chairman
   - Mr. Conrad Enill
   - Mr. Sean Balkissoon

The Operations Committee held five (5) meetings in 2020.

e) The Tenders Committee comprised the following members as of 31 December 2020:
   - Mr. Sean Balkissoon - Chairman
   - Mr. Kenneth Allum
   - Mr. Dan Martineau

The Tenders Committee held one (1) meeting in 2020.

4. AUDITORS

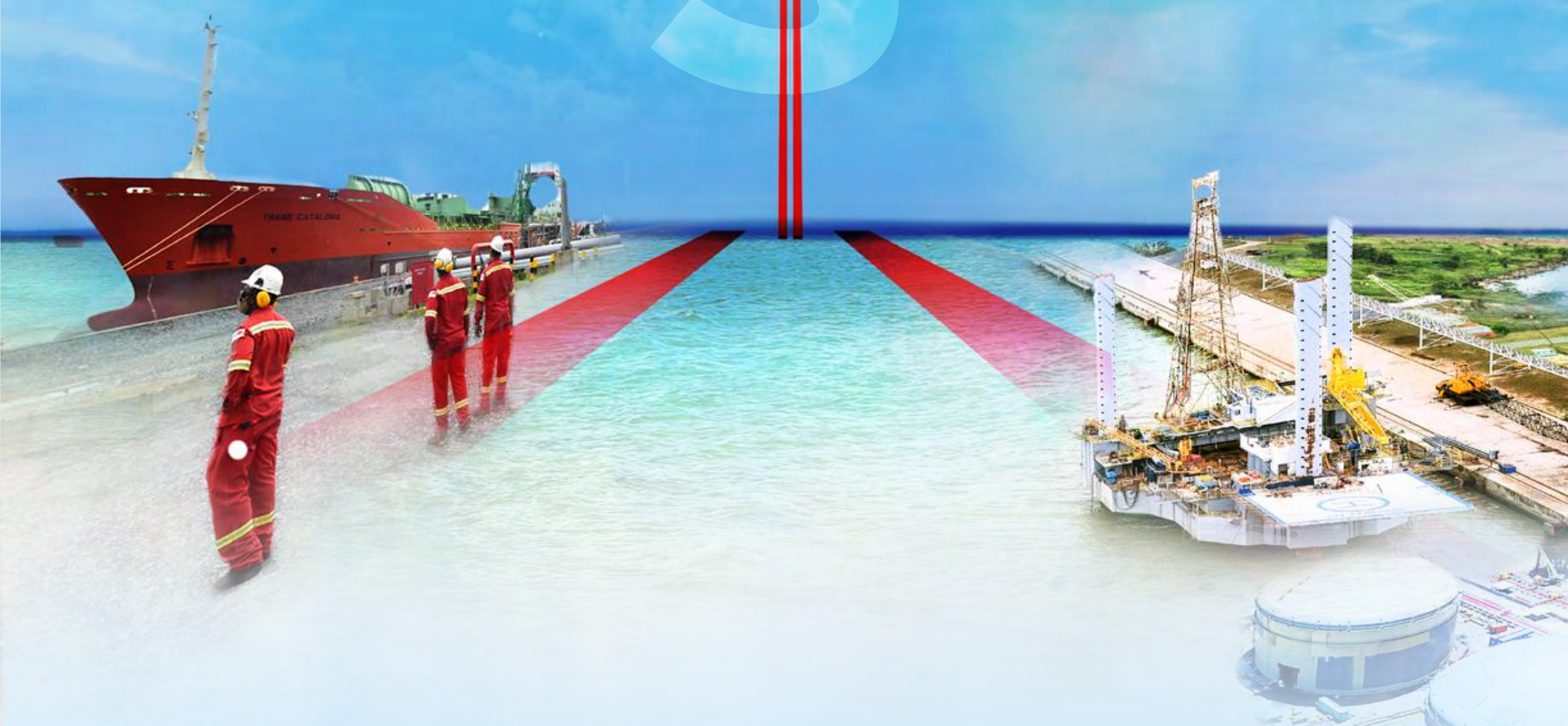
The Auditors, Deloitte & Touche, retire and being eligible, have expressed their willingness to be re-elected.

Dated this 28th day of May 2021
By ORDER OF THE BOARD

Camille Blackman
Company Secretary

NAVIGATING
NEW
HORIZONS

FINANCIAL STATEMENTS



Statement of management's responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of La Brea Industrial Development Company Limited, ('the Company') which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company 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 Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these 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 Company 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.

General Manager	Vice President
31 May 2021	31 May 2021

Deloitte.

Independent auditors' report
To the shareholder of La Brea Industrial Development Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of La Brea Industrial Development Company Limited (the 'Company'), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

NAVIGATING NEW HORIZONS

Independent auditors' report (continued)
To the shareholder of La Brea Industrial Development Company Limited

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this Independent Auditors' report is Daryl Walcott-Grappie (ICATT#1248).

Deloitte & Touche

Deloitte & Touche
31 May 2021

Statement of financial position
(Expressed in Trinidad and Tobago dollars)

	Notes	As at 31 December 2020 $'000	2019 $'000
Assets			
Non-current assets			
Property, plant and equipment	5	296,136	321,740
Investment properties	6	93,748	118,304
Right-of-use assets	19	120	223
Investments	7(b)	757	-
Deferred taxation	12	33,629	27,902
Total non-current assets		**424,390**	**468,169**
Current assets			
Cash and cash equivalent	7(a)	37,568	23,256
Trade and other receivables	8	30,465	32,861
Due from related parties	17	2,735	556
Taxation recoverable		49	49
Total current assets		**70,817**	**56,722**
Total assets		**495,207**	**524,891**
Shareholders' equity and liabilities			
Shareholders' equity			
Stated capital	9	573,131	573,131
Accumulated losses		(135,308)	(102,440)
Total shareholders' equity		**437,823**	**470,691**
Non-current liabilities			
Shareholders' advances	11/17	-	322
Deferred income	14	8,927	10,691
Lease liabilities	20	20	125
Deferred taxation	12	13,761	16,769
Total non-current liabilities		**22,708**	**27,907**
Current liabilities			
Trade and other payables	13	6,349	4,017
Taxation payable		11	-
Shareholders' advances	11/17	450	-
Due to related party	17	21,330	19,684
Deferred Income	14	6,431	2,490
Lease liabilities	20	105	102
Total current liabilities		**34,676**	**26,293**
Total liabilities		**57,384**	**54,200**
Total shareholders' equity and liabilities		**495,207**	**524,891**

The accompanying notes on pages 25 to 50 form an integral part of these financial statements.

The financial statements of La Brea Industrial Development Company Limited were authorised for issue by the Board of Directors on 31 May 2021.

Director

Director

NAVIGATING NEW HORIZONS

Statement of profit and loss and other comprehensive income
(Expressed in Trinidad and Tobago dollars)

	Notes	2020 $'000	2019 $'000
		Year ended 31 December	
Revenue			
Bioremediation services		421	990
Port and harbour		20,649	14,807
Property rental income	6	16,398	16,605
		37,468	32,402
Operating expenses	15	(26,922)	(33,227)
Operating profit/(loss)		10,546	(825)
Interest & other investment income		61	51
Other operating income		1,766	1,843
Gain on foreign exchange transactions		41	36
Administrative, general and maintenance expenses	16	(23,475)	(22,282)
Impairment losses	5/6	(30,091)	-
Finance costs	19	(6)	(7)
Loss on disposal of property, plant and equipment		-	(12)
Other expenses		(91)	(3)
		(51,795)	(20,374)
Loss before taxation		(41,249)	(21,199)
Income tax credit	12(a)	8,381	4,006
Loss after taxation and total comprehensive loss		**(32,868)**	**(17,193)**

The accompanying notes on pages 25 to 50 form an integral part of these financial statements.

Statement of changes in equity
(Expressed in Trinidad and Tobago dollars)

	Share capital $'000	Capital contribution $'000	Accumulated losses $'000	Total equity $'000
Year ended 31 December 2019				
Balance at 1 January 2019	254,919	318,212	(85,247)	487,884
Transfer to share capital	318,212	(318,212)	-	-
Loss for the year	-	-	(17,193)	(17,193)
Balance at 31 December 2019	**573,131**	**-**	**(102,440)**	**470,691**
Year ended 31 December 2020				
Balance at 1 January 2020	573,131	-	(102,440)	470,691
Loss for the year	-	-	(32,868)	(32,868)
Balance at 31 December 2020	**573,131**	**-**	**(135,308)**	**437,823**

The accompanying notes on pages 25 to 50 form an integral part of these financial statements.

Statement of cash flows
(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2020 $'000	2019 $'000
Cash flows from operating activities			
Net loss for the period before provision for taxation		(41,249)	(21,199)
Adjustments for:			
Depreciation of property, plant and equipment		12,253	12,244
Depreciation of investment properties		8,871	8,873
Depreciation of right-of-use assets		103	85
Impairment losses		30,091	-
Interest expense		6	7
Interest income		(61)	(51)
Loss on disposal of property, plant and equipment		-	12
Operating profit before working capital changes		10,014	(29)
Decrease/(increase) in receivables and pre-payment		2,396	(4,098)
(Increase)/decrease in due from related parties		(2,179)	1,355
Increase/(decrease) in deferred income.		2,177	(1,486)
Increase/(decrease) in due to related parties		1,646	(20,881)
Increase/(decrease) in trade and other payables and due to parent company		2,462	(11,527)
Net cash generated/(used) by operations		16,516	(36,666)
Interest paid		(6)	(7)
Interest received		58	51
Taxation paid		(341)	(342)
Net cash generated from/(used in) operating activities		**16,227**	**(36,964)**
Cash flows from investing activities			
Purchase of property, plant & equipment		(1,056)	(29)
Purchase of investment property		-	(1,489)
Net increase in investments		(757)	-
Net cash used in investing activities		**(1,813)**	**(1,518)**
Cash flows from financing activities			
Lease repayment		(102)	(81)
Net cash used in financing activities		**(102)**	**(81)**
Net increase/(decrease) in cash and cash equivalent		**14,312**	**(38,563)**
Cash and cash equivalents beginning of year		23,256	61,819
Cash and cash equivalents end of year	7(a)	**37,568**	**23,256**

The accompanying notes on pages 25 to 50 form an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2020

1. General information and the adoption of new and revised standards

2.1 Corporation information

La Brea Industrial Development Company Limited (the 'Company' or 'LABIDCO') was incorporated in Trinidad and Tobago on 15 February 1995 and continued in accordance with Section 340 (1) of The Companies Act, 1995. The Company commenced commercial operations in 1998 and is principally engaged in the promotion and development of an industrial estate and marine infrastructure facilities at La Brea. Its registered office is located at Administration Building, Estate Corridor Road Extension, Material Storage & Handling Facility Brighton Port, La Brea Industrial Estate, La Brea.

The Company is owned 91.55% by The National Gas Company of Trinidad and Tobago Limited (NGC) and 8.45% by the Petroleum Company of Trinidad and Tobago Limited (PETROTRIN).

2. Application of new and revised International Financial Reporting Standards ('IFRS')

2.1 New IFRS and amendments to IFRS that are mandatorily effective for the current year

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9, IAS 39 and IFRS 7 modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

These amendments had no impact on the financial statements of the Company as it does not apply hedge accounting to its benchmark interest rate exposures.

Initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16) that provide practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

This amendment had no impact on the financial statements of the Company as there were no changes in lease payments resulting from the COVID-19-related rent concessions.

Notes to the financial statements
For the year ended 31 December 2020

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.1 New IFRS and amendments to IFRS that are mandatorily effective for the current year (continued)

Amendments to References to the Conceptual Framework in IFRS Standards

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

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.

These amendments had no impact on the financial statements of the Company.

Amendments to IFRS 3 Definition of a Business

The amendments to IFRS 3 aim at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. They clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

An optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business was introduced. Under this test, the acquired set of activities and assets is not a business, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

These amendments had no impact on the financial statements of the Company.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. They provide a new definition of materiality that states, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Notes to the financial statements
For the year ended 31 December 2020

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.1 New IFRS and amendments to IFRS that are mandatorily effective for the current year (continued)

Amendments to IAS 1 and IAS 8 Definition of Material (continued)

The concept of 'obscuring' material information with immaterial information is now included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

These amendments had no impact on the financial statements of the Company.

2.2 New and revised IFRS and Interpretations in issue but not yet effective and not early adopted

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective:

• IFRS 17	Insurance Contracts
• IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
• Amendments to IAS 1	Classification of Liabilities as Current or Non-current
• Amendments to IFRS 3	Reference to the Conceptual Framework
• Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
• Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
• Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1 First-time Adoption of IFRSs, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

• **IFRS 17 Insurance Contracts**

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The amendments defer the date of initial application of IFRS 17 to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date to annual reporting periods beginning on or after 1 January 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

• **Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. The amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Notes to the financial statements
For the year ended 31 December 2020

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.2 New and revised IFRS and Interpretations in issue but not yet effective and not early adopted (continued)

- **Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)**

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

- **Amendments to IAS 1 – Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

- **Amendments to IFRS 3 – Reference to the Conceptual Framework**

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

- **Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

Notes to the financial statements
For the year ended 31 December 2020

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.2 New and revised IFRS and Interpretations in issue but not yet effective and not early adopted (continued)

- **Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use (continued)**

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

- **Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

- **Annual Improvements to IFRS Standards 2018–2020**

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment and is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As this amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

Notes to the financial statements
For the year ended 31 December 2020

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.2 New and revised IFRS and Interpretations in issue but not yet effective and not early adopted (continued)

- **Annual Improvements to IFRS Standards 2018–2020 (continued)**

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

3. Summary of significant accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention as modified for the fair valuation of investment properties. The financial statements are presented in Trinidad and Tobago dollars which is also the functional currency.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

a) Cash and cash equivalents

Cash on hand, in banks and short-term deposits that are held to maturity, are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks and short-term deposits with an original maturity of three months or less.

b) Taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets arising from tax losses not yet recognised are only carried forward if it is probable that future taxable profit will be sufficient to allow the benefit of the tax losses to be realised.

Deferred tax assets are recognised only if there is a reasonable expectation of realization. Deferred tax assets arise from tax losses yet to be recognised are only carried forward if there is assurance beyond a reasonable doubt that future taxable income will be sufficient to allow the benefit of the tax losses to be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Notes to the financial statements
For the year ended 31 December 2020

3. Summary of significant accounting policies (continued)

Statement of compliance (continued)

c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on a straight-line basis over the estimated economic useful lives of the assets at the following rates:

Marine infrastructure assets	3.33% to 6.66%
Machinery and equipment	20%
Other	12.5% to 50%

Development costs are recognised as an asset to the extent that it is expected to generate future economic benefits. Repairs and maintenance costs are charged to the statement profit or loss when expenditure is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

d) Investment property

Investment property is stated at cost less accumulated depreciation and impairment charges. Depreciation is provided on a straight-line basis over the estimated economic useful lives of the assets at the following rates:

Fabrication yard	3.33%
Development cost	10.00% - 33.33%

No depreciation is provided on freehold land.

Investment property is derecognised when either disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

e) Long-term debt

Long-term debt is initially recognised at the fair value of the consideration received less any directly attributable transaction costs. After initial recognition, long-term debt is subsequently measured at amortised costs using the effective interest rate method. Amortised cost is calculated by taking into account any directly attributable transaction costs.

f) Foreign currencies

The presentation and functional currency of the Company's financial statements is Trinidad and Tobago dollars (TT$). In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, transactions in foreign currencies are recorded in Trinidad and Tobago dollars at the rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies at the reporting date are expressed in Trinidad and Tobago dollars at exchange rates prevailing at that date. Resulting translation differences are recognised in the profit or loss for the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of the initial transactions.

g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the financial statements
For the year ended 31 December 2020

3. Summary of significant accounting policies (continued)

Statement of compliance (continued)

h) Payables and accruals

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Payables to related parties are carried at cost.

i) Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i. Financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified and subsequently measured based on the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVTOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs and finance income, except for impairment of trade receivables which is presented under credit loss allowance in administrative and general expenses.

The Company has more than one business model for managing its financial instruments which reflects how the Company manages its financial assets in order to generate cash flows. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business model each reporting period to determine whether the business models has changed since the preceding period.

ii. Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Notes to the financial statements
For the year ended 31 December 2020

3. Summary of significant accounting policies (continued)

Statement of compliance (continued)

i) Financial assets and liabilities (continued)

ii. **Subsequent measurement of financial assets (continued)**

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVPTL are:

- financial assets whose contractual cash flows are not SPPI
- financial assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell
- financial assets designated at FVPTL using the fair value option

Assets in this category are measured at fair value with gains or losses, including any interest or dividend income recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVTOCI)

The Company accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is holding to collect the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI)

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that resulted in reclassifying the Company's financial assets.

Impairment of financial assets

Instruments within the scope of the new impairment requirements includes loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

No impairment loss is recognised on equity instruments.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') for which a 12-month ECL is recognised
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2') for which 'lifetime expected credit losses' are recognised.
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Company's financial assets fall into this category.

The Company makes use of a simplified approach in accounting for trade receivables as well as contract assets. Therefore, the Company does not track changes in credit risk, but records the loss allowance based on lifetime expected credit losses at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Notes to the financial statements
For the year ended 31 December 2020

3. Summary of significant accounting policies (continued)

Statement of compliance (continued)

i) Financial assets and liabilities (continued)

ii. **Subsequent measurement of financial assets (continued)**

Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets [POCI]).

iii. **Credit-impaired financial assets**

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

iv. **Trade and other receivables and contract assets**

The Company makes use of a simplified approach in accounting for trade receivables as well as contract assets. Therefore, the Company does not track changes in credit risk, but records the loss allowance based on lifetime expected credit losses at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

v. **Financial assets at fair value through other comprehensive income**

For debt instruments at FVTOCI, the Company applies the low credit risk simplification and recognises a 12-month expected credit loss, as most of these instruments have an investment grade credit rating, the likelihood of default is deemed to be small. However, at each reporting date, the Company assesses whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, the Company relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Company only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Company would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, the Company considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrower's operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, the Company recognises for this instrument or class of instruments the lifetime ECL.

Notes to the financial statements
For the year ended 31 December 2020

3. Summary of significant accounting policies (continued)

Statement of compliance (continued)

i) Financial assets and liabilities (continued)

vi. **Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

vii **Classification and measurement of financial liabilities**

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

viii. **Financial liabilities and equity instruments**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

ix. **Other financial liabilities**

Other financial liabilities including long-term debt, dividends payable, trade and sundry payables and accruals are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Notes to the financial statements
For the year ended 31 December 2020

3. Summary of significant accounting policies (continued)

Statement of compliance (continued)

i) Financial assets and liabilities (continued)

x. **Derecognition of other financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

j) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated cash flows are 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. Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at a re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

k) Employee benefits

The Company's employees are members of the parent Company's defined benefit plan, the assets of which are held in separate trustee administered funds. The pension plan is funded by payments from employees and by the Company taking account of the recommendations of independent qualified actuaries.

The Company's contributions are included in the employee benefit expense of these financial statements. Any assets and liabilities in relation to this defined benefit plan are recorded by the parent Company. There is no contractual agreement or stated policy for charging the net defined benefit costs of the plan to the separate financial statements of the individual subsidiaries included in the plan.

l) Revenue recognition

Revenue is recognised when the contractual performance obligation is satisfied to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Revenue associated with port and harbour and bio-remediation services is recognised upon performance of the services.
- Lease rental and service charge from operating leases on investment properties are recognised as revenue in the period in which they are earned. Premiums on leases are recognised as revenue in the initial year of the lease.
- Lease rental from fabrication yard is recognised as revenue in the period in which the rental is earned.
- Interest and investment income are accounted for on the accrual basis.

Notes to the financial statements
For the year ended 31 December 2020

3. Summary of significant accounting policies (continued)
Statement of compliance (continued)

m) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Company as a lessee
The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset which is depreciated using the straight line basis over the term of the lease and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

n) Provisions

The Company recognises a provision when, as a result of a past event, it has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

o) Deferred income

The Company is contractually obligated to invoice its berth user quarterly and leased land tenants annually in advance. This is recognised as deferred income and credited to income in the relevant period to which it relates.

Non-refundable capital contribution received to offset costs associated with the construction of an access road is recognised in deferred income and amortised over the useful life of the asset it relates to.

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

Notes to the financial statements
For the year ended 31 December 2020

4. Significant accounting judgements, estimates and assumptions (continued)

Judgements

In the process of applying the Company's accounting policies, management has determined that there were no judgements apart from those involving estimations which have a significant effect on the amounts recognised in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the statement of financial position date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment and investment property

The estimates of useful lives as translated into depreciation rates are detailed in the property, plant and equipment and investment property policies above. These rates and the residual lives of the assets are reviewed annually taking cognizance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the port and marine operations industry.

Impairment of non-financial assets

The Company assesses whether there are indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Operating lease commitments - Company as Lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that the taxable income will be available in future against which they can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Tax assessments

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

Expected credit losses

The Company makes use of a simplified approach in accounting for trade receivables as well as contract assets. Therefore, the Company does not track changes in credit risk, but records the loss allowance based on lifetime expected credit losses at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Notes to the financial statements
For the year ended 31 December 2020

5. Property, plant and equipment

	Marine infrastructure assets $'000	Machinery and equipment $'000	Other $'000	Capital work in progress $'000	Total $'000
Cost					
Balance at 1 January 2019	504,105	909	510	-	505,524
Additions	-	29	-	-	29
Disposals	-	-	(69)	-	(69)
Balance at 31 December 2019	**504,105**	**938**	**441**	**-**	**505,484**
Additions	-	837	47	172	1,056
Disposals	-	-	(32)	-	(32)
Balance at 31 December 2020	**504,105**	**1,775**	**456**	**172**	**506,508**
Accumulated depreciation					
Balance at 1 January 2019	(71,887)	(294)	(438)	-	(72,619)
Depreciation expense	(12,077)	(132)	(35)	-	(12,244)
Disposals	-	-	57	-	57
Balanceat 31 December 2019	**(83,964)**	**(426)**	**(416)**	**-**	**(84,806)**
Depreciation expense	(12,077)	(160)	(16)	-	(12,253)
Disposals	-	-	32	-	32
Balance at 31 December 2020	**(96,041)**	**(586)**	**(400)**	**-**	**(97,027)**
Accumulated impairment losses					
Balance at 1 January 2019	**(98,938)**	**-**	**-**	**-**	**(98,938)**
Balance at 31 December 2019	**(98,938)**	**-**	**-**	**-**	**(98,938)**
Impairment expense	(14,407)	-	-	-	(14,407)
Balanceat 31 December 2020	**(113,345)**	**-**	**-**	**-**	**(113,345)**
Net book value					
At 31 December 2019	**321,203**	**512**	**25**	**-**	**321,740**
At 31 December 2020	**294,719**	**1,189**	**56**	**172**	**296,136**

Impairment of the Company's marine infrastructure assets due to deterioration

As at 31 December 2020, marine infrastructure assets with a carrying value of $14.406 million were specifically impaired due to deterioration at a rate faster than Management's expectations.

Fair value measurement of the Company's marine infrastructure assets

The fair value was based on the marine infrastructure assets' value in use. The recoverable amount of the Company's assets has been determined based on a value-in-use calculation using cash flow projections from the 2020 financial budgets approved by management and the Board of Directors and extrapolated for a four-year period, at a discount rate of 9.17% (2019: 4.83%). As a result of this analysis, no additional impairment was recognised by Management for 2020 (2019: no impairment) on its property, plant and equipment in the statement of profit or loss.

Details of the Company's marine infrastructure assets and information about the fair value hierarchy are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying value $'000
At 31 December 2020	**-**	**-**	**329,187**	**329,187**	**294,719**
At 31 December 2019	**-**	**-**	**364,658**	**364,658**	**321,203**

Notes to the financial statements
For the year ended 31 December 2020

6. Investment properties

	Development costs $'000	Freehold land $'000	Fabrication yard $'000	Capital work in progress $'000	Total $'000
Cost					
At 1 January 2019	166,363	46,465	45,174	518	258,520
Additions	1,489	-	-	-	1,489
Transfers	518	-	-	(518)	-
Balance at 31 December 2019	**168,370**	**46,465**	**45,174**	**-**	**260,009**
Additions	-	-	-	-	-
Transfers	-	-	-	-	-
Balance at 31 December 2020	**168,370**	**46,465**	**45,174**	**-**	**260,009**
Accumulated depreciation					
Balance at 1 January 2019	(34,584)	-	(20,965)	-	(55,549)
Depreciation expense	(7,335)	-	(1,538)	-	(8,873)
Balance at 31 December 2019	**(41,919)**	**-**	**(22,503)**	**-**	**(64,422)**
Depreciation expense	(7,333)	-	(1,538)	-	(8,871)
Balance at 31 December 2020	**(49,252)**	**-**	**(24,041)**	**-**	**(73,293)**
Accumulated impairment					
At 1 January 2019	**(77,283)**	**-**	**-**	**-**	**(77,283)**
At 31 December 2019	**(77,283)**	**-**	**-**	**-**	**(77,283)**
Impairment expense	(4,701)	-	(10,984)	-	(15,685)
At 31 December 2020	**(81,984)**	**-**	**(10,984)**	**-**	**(92,968)**
Netbook value					
Balance at 31 December 2019	**49,168**	**46,465**	**22,671**	**-**	**118,304**
Balance at 31 December 2020	**37,134**	**46,465**	**10,149**	**-**	**93,748**

i) Legal title for the land on which the fabrication yard is situated has not yet been transferred to the Company by the Company's minority shareholder.

ii) The following table summarises the amounts recognised in the statement of the profit or loss.

Amounts recognised in statement of profit or loss

	2020 $'000	2019 $'000
Rental income from investment properties	16,398	15,208
Direct operating expenses	2,101	1,036

iii) Fair value measurement of the Company's investment properties

The fair value was based on the fabrication yard and development costs value in use. The recoverable amount of the Company's assets has been determined based on a value-in-use calculation using cash flow projections from the 2021 financial budgets approved by management and the Board of Directors and extrapolated for a four-year period, at a discount rate of 9.17% (2019: 4.83%). As a result of this analysis, impairment expense was recognised by Management for 2020 (2019: no impairment) on its investment properties in the statement of profit or loss.

Details of the Company's investment properties and information about the fair value hierarchy are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying value $'000
At 31 December 2020	**-**	**-**	**93,748**	**93,748**	**93,748**
At 31 December 2019	**-**	**-**	**139,655**	**139,655**	**118,304**

Notes to the financial statements
For the year ended 31 December 2020

7. Cash and short-term deposits

	2020 $'000	2019 $'000
Cash at bank and on hand	37,568	23,256
	37,568	**23,256**

a) Cash at bank earns interest at fixed rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is $37.57 million (2019: $23.26 million).

b) **Investments**

	2020 $'000	2019 $'000
Investments	2,457	1,700
	2,457	**1700**
Less: Impairment of investments	(1,700)	(1,700)
	757	**-**

Investments are term deposits made for varying periods in excess of three months and earns interest at their respective rates. Investments comprise of Clico Investment Bank Limited (CIB) note and VAT Bonds.

In 2020, the Company recovered TT$0.757 million from the Government of the Republic of Trinidad and Tobago as a three-year 3.30% fixed rate bond 2020-2023. Interest of 3.30% is payable semi-annually with the principal payment at maturity.

Clico Investment Bank Limited (CIB) has experienced financial and liquidity issues and on 31 January 2009 the Central Bank of Trinidad and Tobago (CBTT) under Section 44D of the Central Bank Act Chap. 79.02 assumed control of CIB. The unsettled amount of TT$1.70 million remains fully provided for at 31 December 2020 as the likelihood and timing is unknown.

8. Trade and other receivables

	2020 $'000	2019 $'000
Trade receivables	24,961	21,088
Loss allowance	(18,056)	(15,515)
	6,905	5,573
VAT receivables	21,129	26,389
Other receivables and prepayments	2,431	899
Total receivables and prepayments	**30,465**	**32,861**

a) Trade receivables are non-interest bearing and are generally on 15-30 day terms.

b) As at 31 December 2020, the risk profile of trade receivables based on the Company provisional matrix were as follows.

Trade receivables-days past due

	Not past due $'000	<30 $'000	31-60 $'000	61-90 $'000	91-120 $'000	>120 $'000	>120 with under-lying issues $'000	Total $'000
As at 31 December 2020								
Expected credit loss rate	**0.60%**	**1.60%**	**2.60%**	**3.60%**	**4.60%**	**5.60%**	**100.00%**	
Estimated total gross carrying amount	1,046	450	519	399	1,699	3,084	17,764	**24,961**
Lifetime expected credit loss	6	7	13	14	78	174	17,764	**18,056**
	1,040	**443**	**506**	**385**	**1,621**	**2,910**	**-**	**6,905**

Notes to the financial statements
For the year ended 31 December 2020

8. Trade and other receivables (continued)

	Trade receivables-days past due							
	Not past due $'000	**<30 $'000**	**31-60 $'000**	**61-90 $'000**	**91-120 $'000**	**>120 $'000**	**>120 with under-lying issues $'000**	**Total $'000**
As at 31 December 2019								
Expected credit loss rate	**0.60%**	**1.60%**	**2.60%**	**3.60%**	**4.60%**	**5.60%**	**100.00%**	
Estimated total gross carrying amount	490	1,227	1,397	222	662	1,771	15,319	**21,088**
Lifetime expected credit loss	3	20	36	8	30	99	15,319	**15,515**
	487	**1,207**	**1,361**	**214**	**632**	**1,672**	**-**	**5,573**

c) As at 31 December 2020, trade receivables allowance for expected credit loss amounted to $18.056 million (2019: $15.515 million). Movements in the allowance for expected credit loss of receivables were as follows:

	Collectively assessed $'000	**Individually assessed $'000**	**Total $'000**
Balance as at 1 January 2019	**11,877**	**-**	**11,877**
Amount recovered	(49)	-	(49)
Net remeasurement of loss allowance	3,687	-	3,687
Balance as at 31 December 2019	**15,515**	**-**	**15,515**
Reclassification of amount individually assessed	(15,319)	15,319	-
Net remeasurement of loss allowance	96	2,445	2,541
Balance as at 31 December 2020	**292**	**17,764**	**18,056**

d) The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance.

	Increase/(decrease) in lifetime ECL		
	Not credit-impaired $'000	**Credit-impaired $'000**	**Total $'000**
2020			
Six customers' accounts with underlying issues with a carrying amount of $17.764 million of which $15.319 million was outstanding over 120 days as at 31 December 2019	-	2,445	2,445
Customers' accounts with no underlying issue as at 31 December 2020	96	-	96
	96	**2,445**	**2,541**
2019			
Five customers' accounts with a carrying amount of $11.270 million of which $9.366 million was outstanding over 120 days as at 31 December 2019	1,904	-	1,904
Four customers' accounts with balances over 120 days past due as at 31 December 2019	3,138	-	3,138
Two customer's accounts with agreed payment plans for amounts due over 120 days past due	(1,319)	-	(1,319)
Partial settlement by customers with gross carrying amount over 120 days past due	(85)	-	(85)
	3,638	**-**	**3,638**

Notes to the financial statements
For the year ended 31 December 2020

9. Share capital

Authorised

An unlimited number of ordinary shares of no par value

Issued and fully paid

	2020 $'000	2020 $'000
254,919 ordinary shares of no par value	254,919	254,919
318,212 ordinary shares at $1,000 value	318,212	318,212
	573,131	**573,131**

10. Capital contribution

The Parent Company (NGC) has injected $318.212 million as equity for the Reconstruction of Berth 2 at LABIDCO Port (Note 10). As a consequence of this injection, both NGC and LABIDCO have agreed to amend the current shareholding to reflect an additional 318,212,948 shares being issued to NGC.

In 2019, an application for new share certificates was made to effect this change, with the revised shareholding being 91.55% and 8.45% for NGC and PETROTRIN respectively from the previous shareholding of 81% and 19% respectively.

11. Shareholders' advances

Most activities conducted by the Company have been funded by its shareholders. The amounts outstanding are unsecured with no fixed repayment terms, currently bear no interest and are due to the shareholders as follows:

	2020 $'000	2019 $'000
The National Gas Company of Trinidad and Tobago Limited	450	322

12. Taxation

a) Taxation credit

The major components of the taxation expense are as follows:

	2020 $'000	2019 $'000
Corporation tax: current year	(4,794)	(8,481)
Green fund levy	118	102
Business levy	236	205
Deferred taxation	(3,941)	4,378
Prior year tax	-	(210)
	(8,381)	**(4,006)**
Loss before taxation	**(41,249)**	**(21,199)**
Income taxes thereon at the rate of 30%	(12,375)	(6,360)
Non-deductible expenses	30	57
Permanent differences	3,610	2,200
Green fund levy	118	102
Business levy	236	205
Prior year tax	-	(210)
	(8,381)	**(4,006)**

Notes to the financial statements
For the year ended 31 December 2020

12. Taxation (continued)

b) Deferred tax

Significant components of the deferred tax assets and liabilities areas follows:

	2020 $'000	2019 $'000
Assets		
Accrued vacation leave	341	180
Credit loss allowance	5,431	4,659
Accrued tax losses	27,857	23,063
	33,629	**27,902**
Liabilities		
Property, plant and equipment	13,761	16,769
	19,868	**11,133**

Management is of the opinion that future taxable profit will be available to utilise total deferred tax assets.

	2020 $'000	2019 $'000
Movement for the year:		
Balance at 1 January	11,133	7,030
Deferred tax charge to statement of profit and loss	3,941	(4,378)
Tax losses	4,794	8,481
Balance at 31 December	**19,868**	**11,133**

13. Trade and other payables

	2020 $'000	2019 $'000
Trade payables	958	268
Accrued material/service amounts	3,269	1,912
Employee related accruals	1,487	1,014
Retentions	208	823
Vat payable	427	-
	6,349	**4,017**

The table below summarises trade and other payables:

	Less than 3 months $'000	3-12 months $'000	Total $'000
As at 31 December 2020			
Trade creditors and accruals	4,881	208	5,089
Accrued vacation leave	-	1,136	1,136
Accrued audit fees	-	124	124
Total trade creditors and accruals	**4,881**	**1,468**	**6,349**
As at 31 December 2019			
Trade creditors and accruals	2,669	627	3,296
Accrued vacation leave	-	598	598
Accrued audit fees	-	123	123
Total trade creditors and accruals	**2,669**	**1,348**	**4,017**

Notes to the financial statements
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14. Deferred income

	2020 $'000	2019 $'000
Operating leases – rental income (Note 14 (a))	720	690
Billing in advance – use of Berth 2 (Note 14 (b))	3,910	-
Capital contribution-LABIDCO Access Road (Note 14 (c))	10,728	12,491
	15,358	**13,181**
Non-current	8,927	10,691
Current	6,431	2,490
	15,358	**13,181**

a) This amount relates to rental income from leased land that straddles financial years.
b) This amount relates to Berth 2 user charges billed in advance.
c) Deferred income – LABIDCO Access Road:

	2020 $'000	2019 $'000
Balance at 1 January	12,491	14,254
Amount released to income	(1,763)	(1,763)
Balance at 31 December	**10,728**	**12,491**

15. Operating expenses

Operating expenses comprise the following:

	2020 $'000	2019 $'000
Depreciation	13,615	13,615
Stevedoring charges	6,165	3,679
Maintenance and general expenses	1,152	1,052
Equipment rental	302	719
Insurance	2,945	1,270
Security	2,743	2,843
Dredging	-	10,049
	26,922	**33,227**

16. Administrative, general and maintenance expenses

Administrative, general and maintenance expenses comprise the following:

	2020 $'000	2019 $'000
Depreciation	7,611	7,586
Staff costs	6,487	4,128
Management fees – related party	1,065	1,457
Security	274	284
Electricity	366	502
Movement in provision for bad debts	2,571	3,638
Other	5,101	4,687
	23,475	**22,282**

17. Related party transactions and balances

The Company is a subsidiary of the National Gas Company of Trinidad and Tobago which is wholly owned by the Government of the Republic of Trinidad and Tobago ("GORTT"). In the ordinary course of its business, the Company enters into transactions concerning the exchange of goods, provision of services and financing with affiliate companies as well as with entities directly and indirectly owned or controlled by the GORTT. Entities under common control include Petroleum Company of Trinidad and Tobago Limited (Petrotrin).

NAVIGATING NEW HORIZONS

Notes to the financial statements
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17. Related party transactions and balances (continued)

The sales to and purchases from related parties are at arm's length. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. For the period ended 31 December 2020, $0.046 million (2019: $0.016 million) was recognised as credit loss allowance for amount due from related party.

The following table provides the total amount of material transactions, which have been entered into with related parties and the balances outstanding for the period ended 31 December 2020 and 31 December 2019.

	Year	Income from related parties $'000	Related party expenses $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The National Gas Company of Trinidad and Tobago Limited					
Reimbursement of expenses	2020	-	225	-	450
paid/shareholder's advances	2019	-	225	-	322
National Energy Corporation of Trinidad and Tobago Limited					
Management fees and	2020	-	840	864	21,330
reimbursements	2019	-	1,232	556	19,684
Petroleum Company of Trinidad and Tobago					
Lease rental and dock fees	2020	1,691	-	1,871	-
	2019	-	-	-	-
Directors					
Directors' fees and travel	2020	-	420	-	-
allowances	2019	-	202	-	-

18. Operating lease arrangements

The Company as a lessor

The Company has entered into commercial land leases with respect to its investment property portfolio, consisting of land and infrastructure. These leases have remaining terms of between one and 29 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Rental income earned by the Company from its investment property and direct operating expenses arising on the investment property for the year are set out in Note 6.

Future minimum rentals receivable under operating leases are as follows:

	2020 $'000	2019 $'000
Not later than 1 year	9,227	9,895
Later than 1 year and not longer than 5 years	27,286	29,269
Later than 5 years	56,684	64,791
	93,197	**103,955**

Notes to the financial statements
For the year ended 31 December 2020

19. Leases (Company as a lessee)

Right-of-use assets

	Photocopier $'000	Motor vehicle $'000	Total $'000
Cost			
At 1 January 2019	-	-	-
Addition	92	216	308
At 31 December 2019	92	216	308
Addition	-	-	-
At 31 December 2020	92	216	308
Accumulated depreciation			
At 1 January 2019	-	-	-
Charge for the year	13	72	85
At 31 December 2019	13	72	85
Charge for the year	31	72	103
At 31 December 2020	44	144	188
Carrying amount			
At 31 December 2019	79	144	223
At 31 December 2020	48	72	120

The Company's lease assets include a photocopier and motor vehicle. The lease term of these assets are 3 years and 4 years respectively. The option to purchase motor vehicle resides with the employee assigned. There is no option to purchase the copier.

	2020 $'000	2019 $'000
Amount recognised in profit and loss		
Depreciation expense on right-of-use assets	103	85
Finance costs on lease liabilities	6	7

20. Lease liabilities

Maturity analysis:

	2020 $'000	2019 $'000
Year 1	105	102
Year 2	20	105
Year 3	-	20
	125	**227**

Analysed as:

	2020 $'000	2019 $'000
Non-current	20	125
Current	105	102
	125	**227**

The Company does not face a significant liquidity risk with regard to its lease liabilities.

21. Financial risk management objectives and policies

The Company has various financial assets such as trade receivables, and cash and cash equivalents which arise directly from its operations. The Company's financial liabilities comprise bank loans, trade and sundry payables. The main purpose of these financial liabilities is to raise finance for the Company's operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk, and foreign currency risk. Management reviews and agrees on policies for managing each of these risks which are summarised below.

Notes to the financial statements
For the year ended 31 December 2020

21. Financial risk management objectives and policies (continued)

Credit risk

The Company trades only with recognised creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. With respect to credit risk arising from other financial assets of the Company, such as cash and cash equivalents, the exposure to credit risk arises from default of the counter-party with a maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk within the Company.

The Company has US$679,790 in investment note certificates with Clico Investment Bank Limited. As stated in Note (7b), a provision was first established for this balance in 2008 with part settlement of debt in 2018. The recoverability of the outstanding balance remains doubtful.

Liquidity risk

The Company monitors its risks to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables and short-term investments) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from the parent and bank loans.

The table below summarises the maturity profile of the Company's financial instruments based on contractual undiscounted payments:

	On demand $'000	Less than 3 months $'000	3 - 12 months $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
As at 31 December 2020						
Assets						
Cash and cash equivalents	37,568	-	-	-	-	37,568
Investments	-	-	25	795	-	820
Trade and other receivables	-	5,630	3,703	-	-	9,336
Due from related parties	-	-	2,735	-	-	2,735
Total assets	**37,568**	**5,630**	**6,463**	**795**	**-**	**50,456**
Liabilities						
Shareholders' advances	-	450	-	-	-	450
Lease liabilities interest bearing	-	27	81	20	-	128
Due to related parties	-	-	21,330	-	-	21,330
Trade and other payables	-	4,881	208	-	-	5,089
Total liabilities	**-**	**5,358**	**21,619**	**20**	**-**	**26,997**
Net liquidity gap	**37,568**	**272**	**(15,156)**	**775**	**-**	**23,459**
As at 31 December 2019						
Assets						
Cash and cash equivalents	23,256	-	-	-	-	23,256
Trade and other receivables	-	3,739	2,733	-	-	6,472
Due from related parties	-	-	556	-	-	556
Total assets	**23,256**	**3,739**	**3,289**	**-**	**-**	**30,284**
Liabilities						
Shareholders advances	-	-	-	322	-	322
Lease liabilities interest bearing		27	81	128	-	236
Due to related parties	-	-	19,684	-	-	19,684
Trade and other payables	-	2,669	627	-	-	3,296
Total liabilities	**-**	**2,696**	**20,392**	**450**	**-**	**23,538**
Net liquidity gap	**23,256**	**1,043**	**(17,103)**	**(450)**		**6,746**

Notes to the financial statements
For the year ended 31 December 2020

Notes to the financial statements
For the year ended 31 December 2020

21. Financial risk management objectives and policies (continued)

Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the Company's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses.

The following table shows balances outstanding at year end denominated in foreign currencies.

	Amount denominated in foreign currency $'000s	TT$ equivalent $'000s
As at 31 December 2020		

Cash and cash equivalents	**US$**	**4,791**	**TT$**	**32,395**
Trade and other receivables	**US$**	**4,339**	**TT$**	**29,337**
Trade and other payables	**US$**	**129**	**TT$**	**872**
As at 31 December 2019				
Cash and cash equivalents	**US$**	**2,488**	**TT$**	**16,446**
Trade and other receivables	**US$**	**3,384**	**TT$**	**22,385**
Trade and other payables	**US$**	**225**	**TT$**	**1,522**

The following table demonstrates the sensitivity to a reasonable possible change in the TT dollar exchange rate with all other variables held constant of the Company's profit before taxation. There is minimal impact on the Company's equity.

	Increase/ (decrease) in exchange rate %	Effect other comprehensive income $'000
As at 31 December 2020	**7%**	**4,259**
	(7%)	**(4,259)**
As at 31 December 2019	**7%**	**2,673**
	(7%)	**(2,673)**

22. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Company manages its capital to ensure that the Company will be able to continue as a going concern. The Company's overall strategy remains unchanged from 2019.

23. Financial instruments

Fair values

Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities which comprise cash, sundry debtors and current liabilities are a reasonable estimate of fair values because of the short-term nature of these instruments.

24. Capital commitments

Capital commitments as at 31 December 2020 Nil (2019: Nil).

25. COVID-19

Management is continuing to evaluate the impact of the coronavirus disease 2019 (COVID-19) particularly on the Company's operations. The extent of the impact on the financial position and performance of the Company depends on future developments, including but not limited to:

(i) the duration and spread of the outbreak,

(ii) the extent of restrictions and advisories, and

(iii) the effects on the local and global financial and economic markets, all of which are highly uncertain and cannot be predicted.