National Energy
CORPORATION OF TRINIDAD AND TOBAGO

CELEBRATING 40 YEARS OF ENERGY DEVELOPMENT

A subsidiary of THE NATIONAL GAS COMPANY OF TRINIDAD AND TOBAGO LIMITED


NATIONAL ENERGY EXPLORER

National Energy

CORPORATION OF TRINIDAD AND TOBAGO

CONTENTS

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

NGC Group's Vision

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

Mission

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

NGC Group's

Core Values

Safety & Environmental Preservation

Integrity

Employee Engagement

Excellence

Transparency

Customer Focus

Corporate Social Responsibility

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

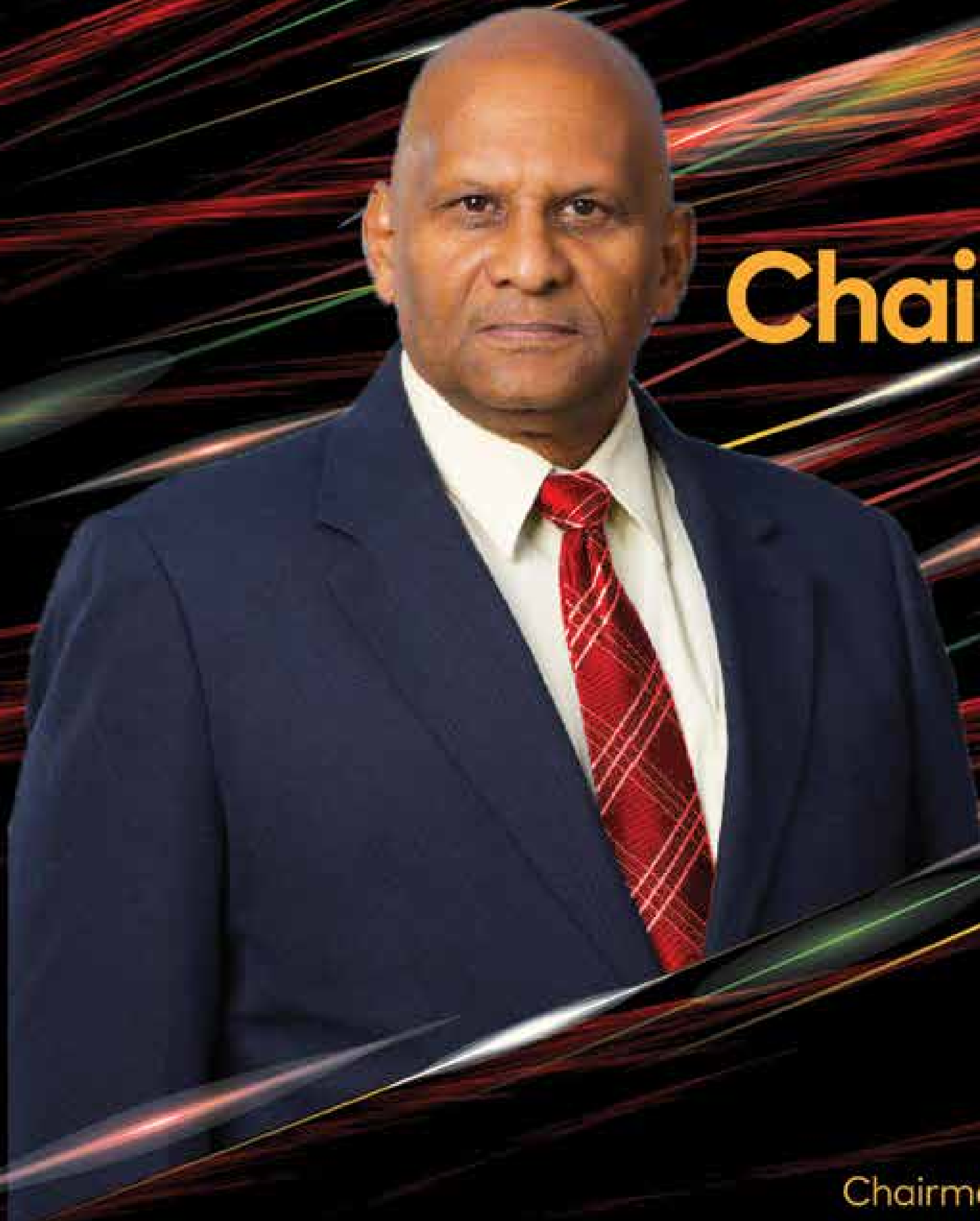
Corporate Profile

National Energy is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC) and, for more than forty (40) years, has been committed to the development of infrastructure to support the energy industry, while providing quality service in the area of natural gas-based development.

The company's core business is, "The conceptualisation, promotion, development and facilitation of new energy-based and downstream industries in Trinidad and Tobago." Additionally, in keeping with its mandate, National Energy provides energy services which include, but are not limited to:

- Project development
- Project appraisal and evaluation
- Facilitation of negotiations and discussions between investors and state agencies
- Feasibility studies
- Provision of site and related infrastructure
- Provision of marine services and vessels
- Development and operation of industrial estates and ports

National Energy
CORPORATION OF TRINIDAD AND TOBAGO



Chairman's Review

Chairman, **Conrad Enill**

2019 was a year of celebration for National Energy as the Company marked a significant milestone in its history – the achievement of 40 years of incorporation. Registered on 07 September 1979, National Energy's Articles of Association included among its objectives, 'to co-ordinate, stimulate, facilitate and promote the development and integration of the hydrocarbon-based and energy-intensive industries of Trinidad and Tobago and all associated enterprises.'

Celebrating 40 Years of Energy Development

Over the past 40 years, the Company has therefore remained focused on fulfilling its mandate for energy-based and downstream development as well as the supporting infrastructure and services to enable the energy industry. This has been achieved while simultaneously growing profit with 2019 representing the third consecutive year of growth.

In 2019, National Energy paid the best tribute to its history by leading the way forward into the future based on sustainable energy programmes. To this end, the Company advanced several initiatives geared towards expanding into new territories as well as generating new products and service offerings. National Energy, in partnership with a multinational consortium, submitted a joint proposal in response to the Ministry of Energy and Energy Industry's (MEEI's) Request for Proposal (RFP) for a 130 MW Utility Scale Renewable Energy Project in Trinidad and Tobago. If this proposal is accepted, it will catapult National Energy into the renewable energy business through the option for equity ownership in the project.

National Energy conceptualised and commenced the Super Energy Services Company (ESCO) Project that would lead to the development of a new industry based on Energy Efficiency (EE). The project was advanced through preliminary EE audits funded by the International Development Bank (IDB). Audits were conducted at several of the National Gas Company Limited's (NGC's) Light Industrial and Commercial Customers (LICs) to record their current practices and suitableness for implementation of EE programmes. This will provide the foundation for deeper and wider engagement towards driving EE in line with Government's proposed policy.

The use of LNG as an alternative marine fuel was assessed in 2019 with a contract being awarded for the conduct of a market study. Should conditions be favourable, this project would see the construction of new bunkering facilities as well as the utilisation of LNG and methanol produced in Trinidad and Tobago for fuel. Additionally, in keeping with the thrust to launch Trinidad and Tobago as a renewable energy industry player, the Solar Energy Park Project was restructured in 2019. The project will now focus on (1) solar photovoltaic (PV) manufacturing along the value chain and (2) development of a float glass plant, in the first instance.

Towards the end of the year, National Energy proudly opened an office in Guyana on behalf of the NGC Group of Companies. This office will allow the Group to have a presence 'on the ground' in Guyana to conduct real-time market research and market the Group's services in the emerging energy province. It is intended that this initiative will provide the platform for growth into other regional markets as well. The first Board meeting of National Energy (Guyana) Inc. was held in December 2019.

The pathway to building a successful and sustainable energy-intensive sector in Trinidad and Tobago has not always been smooth and National Energy faced many challenges during its 40-year history. However, these challenges were overcome through the creativity, resilience and determination of past and present employees. In 2019, National Energy took the opportunity to reflect on its history and remember the pioneers who helped lay the foundation upon which the Company, and by extension the country, will rely as we transition into a green future.

On behalf of the Board of Directors of National Energy, I congratulate the Company on its successes over the past 40 years and look forward to the new and exciting accomplishments on the horizon.

Conrad Enill
Chairman

Report of Directors

YEAR ENDED DECEMBER 31, 2019

The Directors are pleased to submit their Report together with the Financial Statements for the year ended December 31, 2019.

1. ACTIVITIES

National Energy Corporation of Trinidad and Tobago Limited (National Energy) is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC). Its assets include the Point Lisas Channel, turning basins, tugs, workboats and launch vessels as well as the ISCOTT Dock and six (6) multi-user berths at the Point Lisas port. National Energy's marine infrastructure facilities are used in the loading and discharging of iron ore and bulk oil, as well as for the export of petrochemicals (methanol, ammonia, urea) and steel products.

The mandate of National Energy includes:

i) Conceptualising, promoting, developing and facilitating new energy-based and downstream industries in Trinidad and Tobago

ii) Identifying and developing new industrial estates

iii) Identifying and developing new industrial deep-water ports to facilitate these estates

iv) Owning and operating marine and other infrastructural assets to facilitate all gas-based petrochemical and metal plants

v) Developing and managing the La Brea Industrial Estate and Union Industrial Estate

vi) Towage and harbour operations

vii) Managing the environment sustainably

National Energy, having successfully completed various elements of its mandate, continued to focus on the above items during 2019.

Report of Directors (continued)

YEAR ENDED DECEMBER 31, 2019

2. FINANCIAL RESULTS

The financial results for the period are summarised as follows:

	2019 TT$'000	2018 TT$'000
Profit before Tax	138,063	127,824
Provision for Tax	(49,939)	(44,810)
Net Profit	88,124	83,014
Retained Earnings - At Beginning of Year	616,633	622,774
Effect of adoption of IFRS 9 amendment	-	(79,645)
Restated Retained Earnings - At Beginning of Year	616,633	543,129
Dividends paid	-	(8,663)
Other comprehensive income	(10,681)	(847)
Profit for the year	88,124	83,014
Retained Earnings - At End of Year	694,076	616,633

In 2019, National Energy's total revenue increased by 5.4% to TT$359.34M from the 2018 amount of TT$340.90M. This resulted mainly from increased operating revenue from towage and harbour operations, Savonetta Pier, ISCOTT Dock and Brighton operation.

Expenses for 2019 totalled TT$229.70M (2018: TT$223.39M), an increase of 2.8%. This resulted primarily from higher vessel operating costs which were offset by corresponding revenue increases.

National Energy recorded a profit before tax of TT$138.06M in 2019 as compared to TT$127.82M for 2018. This improvement in performance was driven by higher operating revenue which was partially offset by higher expenditure. Profit after tax of TT$88.12M was 6.2% higher than the profit of TT$83.01M recorded for 2018.

3. DIRECTORS

During the year 2019, the Board of Directors comprised Messrs. Gerry Brooks, Conrad Enill, Kenneth Allum, Sean Balkissoon, Arnold de Four, Marcus Ganness, Wade Hamilton, Dan Martineau, and Ms. Sandra Fraser. Mr. Sean Balkissoon was appointed to the Board on February 19, 2019. Mr. Gerry Brooks (Chairman) resigned effective June 30, 2019. On August 06, 2019, Mr. Conrad Enill (Chairman), Ms. Sandra Fraser and Mr. Dan Martineau were appointed to the Board of Directors.

Report of Directors (continued)

YEAR ENDED DECEMBER 31, 2019

4. SIGNIFICANT EVENTS

Investment Facilitation

- **Energy Efficiency**
  - In February 2019, IDB-invest agreed to fully fund a 'Super ESCO Strategic Business Model Assessment for Trinidad and Tobago at a cost of USD86,392.00.
  - In April 2019, National Energy together with representatives from IDB-invest and NGC's Commercial Division, worked closely with a Canadian consultant CBCL, to complete a series of energy efficiency audits of selected facilities. Companies participating in the audit included:
    - Public Sector: WASA, UTT (Ponit Lisas), UDECOTT
    - Commercial: Maritime Centre, First Citizens Bank, One Woodbrook Place
    - Small Industrial: Massy Gas Products, Trinidad Distillers Limited (Angostura), Lange Trinidad Limited
    - Large Industrial: Carib Brewery, Carib Glassworks, Grand Bay Paper Products
  - In June 2019, Cabinet appointed a Committee to develop an energy conservation and energy efficiency action plan for Trinidad and Tobago. National Energy and NGC were named representatives on this Committee. The Committee completed its report in September 2019, and it was submitted for Cabinet's consideration.

- **Development of ttEngage Online Platform**
  - On July 26, 2019, a contract for Consultancy Services for the Implementation of National Energy's ttEngage Platform was awarded to Yash Technologies. A kick-off meeting with representatives from Yash Technologies was held at National Energy on September 10, 2019.
  - Development of the ttEngage Online Platform was completed on December 18, 2019. The platform is currently in production with one (1) year support from Yash Technologies.

- **Solar PV Power Generation**
  - Town and Country Planning Division issued a 'no objection' in principle, to National Energy's application for Outline Planning Permission for a renewable energy project on August 22, 2019.
  - National Energy, together with a consortium of multinational energy companies submitted a joint proposal to the Ministry of Energy and Energy Industries' (MEEI's) Request for Proposal for a 130 MW Utility Scale Renewable Energy Project.

- **Alternative Marine Fuel**
  - A Request for Proposal for the Conduct of a Market Study for the Development of Alternate Fuel Supply Infrastructure was issued to pre-qualified contractors/consultants on October 17, 2019.
  - Approval was granted by the Management and Tenders Evaluation Committee (MTEC) on December 5, 2019 for the award of contract to Advisian – Worley Group for the Conduct of a Market Study for the Development of Alternate Fuel Supply Infrastructure. Subsequently, a Letter of Award was issued to Advisian – Worley Group on December 17, 2019 for the execution of the study.

Report of Directors (continued)

YEAR ENDED DECEMBER 31, 2019

- **NGC CNG Preysal Service Station Solar System**
  - On May 13, 2019, a Request for Proposal was issued for the Design, Procurement, Supply, Delivery, Installation and Commissioning of a 100 kW Solar PV Roof Mounted System at the Preysal Service Station. Bids closed on June 14, 2019.
  - The tender evaluation report was submitted to MTEC on October 01, 2019 for approval.
  - Clarifications from the preferred bidder were received on December 19, 2019 for re-submission for MTEC's approval.
  - A Client Services Agreement between National Energy and NGC CNG was executed on September 13, 2019 for the Provision of Project Management Services for the Design, Procurement, Installation and Commissioning of a Stand-Alone PV System for the Preysal Service Station.

Infrastructure Development

- In furtherance of the Company's mandate of developing new industrial estates, a tender for the conduct of a Cadastral Survey of Point Lisas North (PLN) Industrial Estate was issued on May 27, 2019. Bids closed on June 10, 2019. The contract for the conduct of a Cadastral Survey of PLN Industrial Estate awarded on August 26, 2019.

- On September 20, 2019 an Agreement was signed between the MEEI and National Energy for the Procurement, Supply, Installation and Commissioning of Solar Power Light Emitting Diodes (LEDs) Area Light System Luminaries for Play parks and Basketball Courts in Trinidad and Tobago on behalf of the MEEI. Funding for the project was received from the MEEI on October 04, 2019 in the amount of TT$5.90M. Site visits for the works commenced on December 12, 2019.

- In October 2019, an Agreement was signed between National Energy and First Citizens Bank Limited for the Provision of Project Management Services for the Design, Procurement, Supply, Installation and Commissioning of Solar Light Emitting Diodes (LEDs) and Associated Infrastructure for the New West Park recreational Savannah in Diego Martin on behalf of the First Citizens Bank. A tender for these works was issued by National Energy on October 08, 2019, and closed on November 18, 2019. Approval was granted on December 09, 2019 for the award of the contract for the works. Funding for the project was received from First Citizens Bank on December 27, 2019 in the amount of TT$731,415.35 (VAT inclusive).

- An Agreement between National Energy and the International Finance Corporation (IFC) was signed on November 06, 2019 whereby National Energy engaged IFC to conduct a preliminary assessment (Phase 0) for the Upgrade and Expansion of the Port of Brighton and present a business case for the expansion of the Port.

Report of Directors (continued)

YEAR ENDED DECEMBER 31, 2019

Commercial Activity

- **Towage and Harbour Operations**

  - As at December 31, 2019 revenue from the fleet of marine vessels was $112.49M, 10.82% above the budgeted amount of $101.50M. This represents a 31.70% contribution to the overall Commercial Division revenue.
  - Total Harbour revenue for the period ending December 31, 2019 was $39.33M. Harbour Revenue was higher than forecasted figures yielding a positive variance of 6.30% over the budgeted amount of $37.0M.
  - Registration was completed with upstream Exploration and Production Companies including BHP Group Limited and Heritage Petroleum Company Limited for the provision of Vessel Services. This registration has allowed National Energy to participate in tenders and Expressions of Interest (EOIs) throughout the year.
  - Following a Memorandum of Understanding (MOU) signed with Curaçao-based Kompania di Tou Korsou (KTK) tugs in 2018, National Energy chartered Tug Mero in March 2019 and Tug Barakuda in July 2019. The availability of these ASD tugs significantly contributed to the target revenue since the *NEC Majestic* was unavailable due to extended dry-docking activity during the year.
  - The *National Energy Explorer* was hired by Staatsolie Maatschappij Suriname N.V (Staatsolie) in Suriname to work during its drilling campaign. This hire, which commenced in March 2019, concluded in November 2019 with the vessel returning to Port of Galeota in December 2019.

- **Savonetta Piers and ISCOTT Dock**

  - Savonetta Piers surpassed the revenue target of $142.85M by 1.08% achieving $144.39M at year end 2019. This contributed 40.80% to overall Commercial Division revenue.
  - This favourable performance was mainly due to an improved and stabilised gas supply during 2019 which facilitated greater plant output during 2019.
  - In 2019, National Energy handled a total of 2,650 vessel calls of which 558 were at the Savonetta Piers, facilitating a total of 15.68 million metric tonnes handled.
  - Nutrien Limited and Phoenix Park Gas Processors Limited (PPGPL), the two (2) primary contractors, continued with planned and general maintenance activities at the Savonetta Piers throughout 2019, ensuring availability of assets.
  - Rate review discussions, in keeping with the terms of Pier User Agreements continued during 2019 and will be finalised in 2020.
  - ISCOTT Dock surpassed revenue targets of $10.55M by 18.58%, achieving $12.51M. This represents a 3.50% contribution to overall Commercial Division revenue.
  - A total of 30 vessel calls to ISCOTT Dock materialised, facilitating total exports of 322,758.876 metric tonnes of cargo handled.

- **Port of Galeota**

  - As at December 31, 2019, Port of Galeota revenue was $15.60M which was 23.45% below the budgeted figure of 20.38M. This is a 4.40% contribution to overall Commercial Division revenue.
  - Revised tariffs for Port of Galeota were approved and implemented during Q2 2019. These

Report of Directors (continued)

YEAR ENDED DECEMBER 31, 2019

rates are in line with local and international standards and aim to make the Port more competitive.
- Insurance, Fire and Electoral Inspectorate Certificates for the recently completed 2,700 square metre warehouse were received during 2019.
- Site services infrastructure, including fencing of high-risk areas and upgrades to Port lighting, completed during 2019 led to Port of Galeota receiving International Ship and Port Facility Security (ISPS) certification in November 2019. This will allow for more aggressive marketing strategies in 2020 as it relates to regional and international opportunities.
- Passenger transfers, which form a major activity at the Port, continue an upward trend. This has augured well for port revenues.

- **Port of Brighton – Berth 3**

  - As at December 31, 2019, Port of Brighton revenue was $13.13M, 5.38% over the budgeted amount of $12.46M. This contributed 3.70% to overall Commercial Division revenue.
  - Total Vessel Calls amounted to 376 which was 28.65% lower than 2018's vessel calls of 527.
  - Activities were largely related to local and regional offshore logistics conducted by Peterson Integrated Logistics Limited to support oil and gas-related activity in Guyana, contributing to a new source of revenue.

- **Union Industrial Estate (UIE)**

  - As at December 31, 2019 UIE revenue was $16.91M, 1.80% less than budgeted revenue figures of $17.22M. This represents a 4.80% contribution to overall Commercial Division revenue.
  - The installation of a Fire Water and Reticulation System for the Estate was substantially completed in December 2019 with minor works scheduled for completion in 2020.

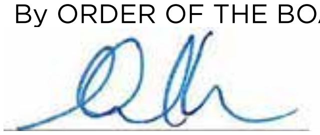
  - Trinidad and Tobago Electricity Commission (T&TEC) completed the installation of street lighting along the Estate Corridor in December 2019, which has been welcomed by the tenants.
  - As at December 2019, 2,598 persons were employed on the Estate, the majority of which were on the CGCL construction site.

AUDITORS

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

Dated this 5th day of August 2020

By ORDER OF THE BOARD



Camille Blackman,
Company Secretary

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

President's Report

President, **Dr. Vernon Paltoo**

In 2019, National Energy continued the implementation of its strategic programme for growth and sustainability. Green and emerging energy initiatives were advanced to position the Company to maximise opportunities in the rapidly evolving energy businesses for the benefit of the country. Attention was also given to the development of new markets in the Caribbean through strategic projects as well as the expansion of National Energy's commercial operations abroad. Existing business operations were simultaneously supported by the implementation of several technology-based platforms, which will improve the Company's efficiency and capacity to serve its customers.

Chairman of National Energy, Conrad Enill, raises a toast to the Company

BUSINESS & INFRASTRUCTURE DEVELOPMEN

The global energy landscape has changed significantly in the past few years, resulting in fewer opportunities for traditional natural gas-based investments. National Energy has therefore adapted to the evolving environment by placing focus on energy efficiency (EE) and renewable energy (RE) projects. In addition, projects that require little or no natural gas are being pursued while alternative uses for the country's natural gas resource are also being explored and developed.

Investment Facilitation

National Energy signed a Memorandum of Understanding (MOU) with several multilateral companies for the submission of a proposal for a 130 MW utility scale RE project. The exercise was based on the Ministry of Energy and Energy Industry's (MEEI's) Request for Proposal for a utility scale RE project in Trinidad and Tobago, and once approved, will allow National Energy to be a potential to be a shareholder in the project.

In 2019, the Super ESCO EE project conceptualised by National Energy was further advanced through funding by the International Development Bank (IDB). In this regard, a Canadian consulting firm was hired by IDB to undertake a Super ESCO Strategic Business Model Assessment in Trinidad and Tobago. This also included energy efficiency audits of selected facilities, including some of NGC's Light Industrial Customers (LICs).

Work continued to determine the feasibility of utilising LNG and methanol produced in Trinidad and Tobago as alternative bunker fuels for marine vessels. A contract was awarded in December 2019 for the conduct of a market study and should conditions be considered favourable, the establishment of bunkering facilities would be assessed and developed further.

Development of the ttEngage Online Platform was completed in December 2019. The platform will allow investors from around the world to interact with National Energy in real time. The investment process will be simplified as a customised approval map would be created for the particular investment, and the process of engagement with state agencies would be streamlined through the platform. The ttEngage Online Platform is expected to 'go live' in January 2020.

Following the results of a prefeasibility study, the Solar Energy Park Project was reconfigured in 2019. The new concept focuses on two elements – Solar PV manufacturing and the establishment of a Float Glass plant. Once implemented, the project is expected to introduce an RE manufacturing business in the country with the production of components such as solar panel and aluminium framing.

Infrastructure Development

Work progressed on the surveying of sites at Point Lisas North and South for the location of new industrial facilities that will cater for the expected expansion on the energy industry in the medium to long term. An agreement between National Energy and the International Finance Corporation (IFC) was signed in November which allowed National Energy to engage IFC to conduct a preliminary assessment (Phase 0) for the Upgrade and Expansion of the Port of Brighton and present a business case for consideration.

Seabull II barge is assisted by National Energy tug during berthing at the Port of Galeota

In alignment with the Company's RE strategy, agreements were executed for the following RE projects:

- Agreement with MEEI for the Procurement, Supply, Installation and Commissioning of Solar Power LED Area Light System Luminaries for play parks and basketball courts in Trinidad and Tobago by National Energy on behalf of MEEI
- Agreement with First Citizens Bank for the Provision of Project Management Services for the Design, Procurement, Supply, Installation and Commissioning of Solar LEDs and Associated Infrastructure for the New West Park Recreational Savannah in Diego Martin.

COMMERCIAL

Through the assiduousness of the Commercial Division in forging new relationships and expanding the customer base, National Energy accomplished several 'firsts' in 2019. These have helped the organisation achieve its profitability goals and target of 12% CAGR.

Vessel Operations

In 2018, National Energy signed an MOU with Kompania di Tou Korsou Exploitatie Maatschappij N.V. (KTK) of Curaçao, to build a partnership for the provision of towage and other marine support services. To ensure full service coverage to its customers in 2019, National Energy signed BIMCO Agreements for the importation of two ASD Tugs from KTK to supplement National Energy's fleet during drydocking in February and June.

Another 'first' was achieved in February 2019 when the National Energy Explorer was hired to work in Suriname for the first time. The Fast Crew Supply Vessel sailed to Suriname on an initial six-month charter to support Suriname's national oil company's drilling campaign. The service was extended until November 2019 and the vessel returned to Trinidad.

Port of Galeota Operations

In May 2019, the Port of Galeota received the components of the Work-Over Rig used for offshore maintenance. Revenue was generated from the Berth used to house the vessel and the laydown area where the components were stored.
August 2019 saw the arrival of a barge to support the installation of a 10" x 4 km pipeline from Teak Alpha Production Platform to the Teak Delta Platform.

Port of Brighton Operations

Commencing in February 2019, the Port of Brighton supported the transshipment of rig components and supplies for offshore installation in Guyana. Items were received at the Port for storage and shipped to Guyana as and when required.

New business was also generated with the discharge of offshore rig drilling equipment at the port of Brighton to support drilling operations in French Guiana.

National Energy (Guyana) Inc.

National Energy (Guyana) Inc. was established in

Chariman of National Energy Guyana, Conrad Enill, chairs first meeting of the Board

2019 and the first Board meeting of the company was held in December. The office is intended to market the services of the NGC Group of Companies and create the catalyst towards developing a regional business presence.

HEALTH, SAFETY, SECURITY & ENVIRONMENT (HSSE)

National Energy operates the country's industrial ports and two industrial estates. Therefore, HSSE practices at these facilities are continuously reviewed and updated to keep abreast of industry best practice and ensure that operations are conducted in a safe, secure and environmentally responsible manner. Against this backdrop, several key initiatives were completed in 2019, including the completion of a Threat and Vulnerability Assessment at La Brea Industrial Estate, Union Industrial Estate and the Port of Brighton. New Port Facility Security Assessments and Security Plans were also completed for the Savonetta Piers and the Port of Brighton and a successful ISPS Audit of the Savonetta Pier facilities was conducted by the US Coast Guard on National Energy's behalf.

During the year, the HSSE Department worked with a cross-functional team to ensure that ISPS Certification was acquired at the Port of Galeota. Additionally, the Company's fleet of vessels was recertified for STOW, having achieved a score of 96%. The CCTV systems at National Energy Head Office, the Savonetta Piers as well as the Port of Galeota were expanded and upgraded to ensure better surveillance of operations.

National Energy hosted its first-ever Maritime Symposium and HSSE Fair in July 2019. The two-day event brought together maritime and HSSE professionals from across the country to view the Port of Galeota facilities and discuss pertinent maritime HSSE issues, including human trafficking and oil spill response. Based on the success of the Symposium, National Energy was shortlisted for an AMCHAM HSSE Excellence Award in 2019.

Companies demonstrate HSSE equipment at Maritime Symposium

Participants were fully engaged at Maritime Symposium

HUMAN RESOURCE & CORPORATE COMMUNICATION

Human Resource

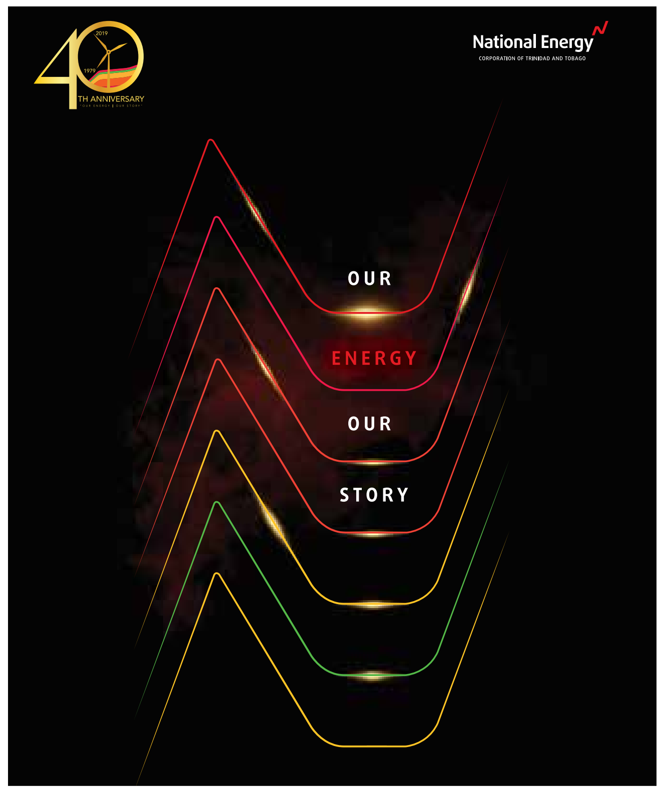
In 2019, employee development and organisational alignment continued to be a major focus based on one of the Company's strategic pillars to 'Develop the Organisation'. To this end, the NGC Group of Companies worked collaboratively to advance projects started in 2018, which included the rollout of our Core Values Manual and the development of a Succession Planning Framework. Five new Group Policies and Procedures, aimed at promoting talent management within the Group were also approved by the Group's Presidents.

During the year, training and developmental opportunities were also provided to employees to build their capacity, thereby equipping them with the necessary competencies to meet organisational objectives. Further, in keeping with the organisation's commitment to secure its business, the Company also implemented organisational changes to align its structure to support the execution of the Company's business objectives. These initiatives will ensure that the needs of the employees are met, as well as position the organisation for future growth.

Efforts to foster engagement among our employees will continue to be a key focus in 2020.

Corporate Communication
40th Anniversary Celebrations

The Company's 40th Anniversary commemoration took various forms during the year, beginning with media interviews given by President of National Energy, Dr. Vernon Paltoo in January.



Award-winning 40th Anniversary Pioneer

The opportunity was used to enlighten the public on some of National Energy's major historical accomplishments and highlight some of the plans. As the year progressed, the Company continued to engage is internal and external audiences through initiatives such as the dissemination of 40th Anniversary branded jackets to employees, a quiz that was conducted on social media that proved very popular with the public, as well as the publication of a special issue to National Energy's newsletter, the Pioneer. The week of 07 September 2019, dubbed Anniversary Week, featured a prayer

National Energy Showdown Gameshow was a hit with staff

breakfast, the National Energy Showdown Game Show and culminated with a 40th Anniversary employee event.

Employee Engagement

National Energy's Employee Engagement Plan for 2019 sought to involve employees in all aspects of the business. In March, employees participated in the Ideas and Solutions Forum, a workshop facilitated by NGC's Office of Strategic Management. The session aimed to allow employees an opportunity to discuss and brainstorm solutions to overcome challenges facing the Company.

Health and Wellness came into focus in 2019 as National Energy hosted its inaugural Health and Wellness Challenge. This initiative generated excitement among the employee body, who participated in various health and fitness activities and monthly health check-ups over a six-month period. Monthly progress prizes were distributed and at the end of the challenge, the overall winners in the Health, Weight-loss and Physique categories received cash and other prizes.

During the year, employees were also involved in various social and family-oriented events across the NGC Group of Companies, which had been designed to build camaraderie among staff. These included the commemoration of national festivals and the NGC Group Family Day. At the end of 2019, employees who represented the Company as volunteers throughout the year were recognised at the annual Quarter 4 Staff Luncheon and Brand Ambassadorship Appreciation.

Staff compete in fun activity at 40th Anniversary event

Employees have fun with props at the photo booth

Corporate Social Responsibility (CSR)

In February, National Energy continued its longstanding sponsorship of the La Brea Zone Primary School Athletic Games along with co-sponsors – La Brea Industrial Development Company Limited (LABIDCO), Trinidad Generation Unlimited (TGU), Trinidad Offshore Fabricators (TOFCO) and Lake Asphalt Trinidad and Tobago Ltd. The games

Eyes Right

were well attended with athletes competing in all available categories and age groups. The winners of the La Brea Zonal Games went on to represent the zone at the Victoria District Games.

National Energy was proud to partner with The University of the West Indies (The UWI), St. Augustine to provide three bursaries for students enrolled at the institution. The bursaries were open to students who were residents of Mayaro and Guayaguayare, registered in any year and any faculty. From those eligible, the awardees were selected based on academic merit, financial need and co-curricular involvement

In keeping with its commitment to support wholistic education, National Energy supported the Ministry of Education's Music Literacy Camp in July 2019 in our fenceline community of Mayaro/Guayaguayare. The young musicians were provided with pan sticks, music manuscripts and other materials to aid in their further music education.

Due to the kind donations received from employees as well as contributions from the Company, December 2019 saw the highest number, to date, of Christmas hampers distributed to families in need in La Brea and environs, Mayaro/Guayguayare and other areas. Employees also visited the Couva Home for the Aged to deliver care packages to the residents and serenade them with a selection of Christmas melodies.

For National Energy, 2019 was a year for both reflection and consolidation. We came together to commemorate the Company's 40th Anniversary – an opportune time to reflect on the legacy left by our predecessors and to commit to continuing our work, as a team, to meet the challenges of the constantly changing economic environment. On behalf of the Management Team of National Energy, I would like to thank all employees for their dedication to service. We recognise that there will be challenging times ahead, but with the continued support of the Company's our most important resource – our employees – and our indelible spirit and commitment to excellence, we look forward to 2020 with anticipation.

Manager, Investment Facilitation, Marcia Maynard congratulates recipient of National Energy Bursary

Young athletes pose for a picture after their races

Dr Vernon Paltoo
President

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Report of Directors

YEAR ENDED DECEMBER 31, 2019

The Directors are pleased to submit their Report to the Members together with the Financial Statements for the year ended December 31, 2019.

1. ACTIVITIES

The principal business of the Company is the promotion, development and management of an industrial estate and marine infrastructure facilities in support of energy industry development. La Brea Industrial Development Company Limited (LABIDCO) is jointly owned by The National Gas Company of Trinidad and Tobago Limited (NGC) – 91.55% and Petroleum Company of Trinidad and Tobago Limited (PETROTRIN) – 8.45%. The Company offers developed industrial sites for lease, bioremediation services for the treatment of oily waste, port facilities for import/export of goods and materials, logistics services, open and covered storage and dock/yard for the fabrication of platforms.

2. FINANCIAL POSITION

The financial position as at the end of the period is summarised as follows:

	2019 TT$'000	2018 TT$'000
Assets: Property, plant and equipment	440,267	459,655
Deferred taxation	27,902	18,288
Debtors and prepayments	33,466	30,717
Cash & short-term investments	23,256	61,819
	524,891	570,479
Liabilities: Share capital	573,131	254,919
Accumulated losses	(102,440)	(85,247)
Capital contribution	-	318,212
Deferred taxation	16,769	11,258
Shareholder advances	322	7,094
Creditors & accruals	37,089	64,243
	524,891	570,479

Report
of Directors (continued)

YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL PERFORMANCE

The financial performance for the period is summarised as follows:

	2019 TT$'000	2018 TT$'000
Revenue	32,402	41,400
Operating expenses	(33,227)	(25,415)
Operating profit/(loss)	(825)	15,985
Other expenses	(16,368)	(12,972)
Net (loss)/profit for year	(17,193)	3,013

Revenue

A total of 12 new customers were welcomed in 2019 in the areas of regional development, rig movements, warehouse rentals and storage.

New business generated from activities at LABIDCO totalled $9.81M during 2019. This represents 30.26% of the total revenue earned by LABIDCO during the year. This favourable performance was as a result of increased use of the estate, warehouse and port and harbour by new customers.

$6.52M of new business revenue earned by LABIDCO was in association with regional activity in Guyana and French Guiana.

Net loss for 2019 of TT$17.19M was TT$20.20M below the prior year's net profit of TT$3.01M. LABIDCO's revenue of TT$32.40M was below the 2018 amount of TT$41.40M, resulting from reduced port activity. However, operating expenses of TT$33.23M was higher than the 2018 amount of TT$25.42M as a result of the recognition of dredging expense in 2019.

4. DIRECTORS

For the financial year ended December 31, 2019, the membership of the Board comprised Professor Gerry Brooks, Messrs. Sean Balkissoon, Arnold de Four, Wade Hamilton, Conrad Enill and Mrs. Claire Gomez-Miller. Mr. Sean Balkissoon was appointed to the Board on February 19, 2019. Professor Gerry Brooks resigned from the Board on June 30, 2019. Mr. Conrad Enill was appointed to the Board effective August 06, 2019.

Report of Directors (continued)

YEAR ENDED DECEMBER 31, 2019

5. SIGNIFICANT EVENTS

- **Port & Harbour**

  - Revenue from port and harbour activity contributed 50.0% to LABIDCO's overall annual revenue of $32.04M.

  - Berth 1 was assigned as the designated zone to facilitate ship-to-shore transfer of personnel in connection with the visit of US naval hospital ship, USNS Comfort over the period September 05 to 12, 2019. The ship conducted surgeries on board, as well as provided basic medical services to local citizens from Cedros, Debe, La Brea and Point Fortin. The visit was part of the ship's five-month deployment to Latin America and the Caribbean on a medical assistance mission.

  - CGCL continued the installation of their loading arm on Berth 2 during 2019. Additionally, TOFCO's fabrication of bpTT's Cassia C jacket was in the final stages as at December 2019 with loadout expected in early 2020. There was a total of 112 vessel calls at Berth 2 which is consistent with vessel calls at this Berth as at December 2018.

  - Maintenance dredging of the area between Berths (1) and (2) was completed in February 2019 to facilitate the use of Panamax vessels.

- **Leased Land**

  - Revenue from leased land activity contributed 30.88% to LABIDCO's overall annual revenue.

  - As at December 2019, 78% of the lots have been leased at the La Brea Industrial Estate.

  - Rate reviews continued throughout the year with some success. The efforts will continue in 2020.

- **Bioremediation & Fabrication Yard**

  - Revenue from the fabrication yard contributed 16.06% to the overall LABIDCO revenue.

  - Revenue earned from bioremediation activity contributed 3.06% to overall LABIDCO revenue.

  - Fabrication of CGCL's methanol pipeline along the Estate Corridor as well as underground crossings were substantially completed while fastening of the pipes to the sleepers and corrosion protection continues.

  - Installation and commissioning of street lighting to the Main Estate Corridor on the La Brea Industrial Estate were completed and welcomed by the tenants.

Report of Directors (continued)

YEAR ENDED DECEMBER 31, 2019

- Targeted marketing for use of the port was ramped up in 2019. Based on the findings the interest continues to be logistics services and transportation of breakbulk general and project cargo from North America in support of the energy sector both in Trinidad and Guyana
- The company continued to support initiatives in its fenceline communities such as book vouchers for SEA students, sponsorship of the annual La Brea Zonal Sports in support of sport and youth development and hamper donations at Christmas.

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

Dated this 5th day of August 2020

By ORDER OF THE BOARD

Camille Blackman
Company Secretary

National Energy
Corporation of Trinidad and Tobago

Financial Profile

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

Statement of management's responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of National Energy Corporation of Trinidad and Tobago Limited, ('the Company') which comprise the statement of financial position as at 31 December 2019, 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 audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the 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.

President	VP Finance & Administration
30 June 2020	30 June 2020

Independent auditors' report
to the shareholder of National Energy Corporation of Trinidad and Tobago Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Energy Corporation of Trinidad and Tobago Limited (the "Company"), which comprise the statement of financial position as at 31 December 2019, 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 2019, 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.

continued...

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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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
Trinidad
17 July 2020

Statement of financial position

(Expressed in Trinidad and Tobago dollars)

		As at 31 December	
		2019	2018
	Notes	$'000	$'000
Assets			
Non-current assets			
Property, plant and equipment	5	384,640	390,613
Investment properties	6	410,701	424,942
Right of use assets	21	7,344	-
Deferred taxation asset	7 (b)	5,221	4,576
Total non-current assets		**807,906**	**820,131**
Current assets			
Cash and cash equivalents	8 (a)	79,446	52,619
Investments	8 (b)	241,749	189,282
Trade and other receivables	9	89,208	95,106
Due from related parties	19	19,707	40,581
Taxation recoverable		16,891	14,811
Total current assets		**447,001**	**392,399**
Total assets		**1,254,907**	**1,212,530**

Statement of financial position (continued)

(Expressed in Trinidad and Tobago dollars)

	Notes	As at 31 December 2019 $'000	2018 $'000
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	10	103,427	103,427
Capital contribution	11	43,325	43,325
Retained earnings		694,076	616,633
Total shareholder's equity		**840,828**	**763,385**
Non-current liabilities			
Long-term debt	12	113,896	185,060
Deferred income	14	64,052	69,320
Lease liabilities	22	5,579	-
Deferred taxation liability		63,702	65,606
Total non-current liabilities		**247,229**	**319,986**
Current liabilities			
Current portion of long-term debt	12	48,195	48,195
Trade and other payables	13	71,217	55,288
Deferred income	14	39,857	17,772
Lease liabilities	22	1,877	-
Due to related parties	19	527	62
Due to parent company	19	2,337	2,755
Taxation payable		2,840	5,087
Total current liabilities		**166,850**	**129,159**
Total liabilities		**414,079**	**449,145**
Total shareholders' equity and liabilities		**1,254,907**	**1,212,530**

The accompanying notes on pages 34 to77 form an integral part of these financial statements.

The financial statements of National Energy Corporation of Trinidad and Tobago Limited were authrised for issue by the Board of Directors on 30 June 2020.

Director

Director

Statement of profit or loss and other comprehensive income

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2019 $'000	2018 $'000
Revenue	15	359,338	340,903
Operating costs	17 (a)	(146,101)	(140,647)
Operating profit		213,237	200,256
Other income	16	1,647	6,637
Interest income		6,778	3,673
Administrative and general expenses	17 (b)	(68,482)	(60,846)
Finance costs	17 (c)	(14,791)	(19,730)
Loss on foreign exchange transaction		(326)	(2,166)
Profit before taxation		138,063	127,824
Income tax expense	7 (a)	(49,939)	(44,810)
Profit after taxation		88,124	83,014
Total comprehensive income		**88,124**	**83,014**

The accompanying notes on pages 34 to77 form an integral part of these financial statements.

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

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

	Share capital $'000	Capital contribution $'000	Retained earnings $'000	Total equity $'000
Year ended 31 December 2018				
Balance at 1 January 2018	103,427	43,325	622,774	769,526
Effect of adoption of new accounting standard	-	-	(79,645)	(79,645)
Balance at 1 January 2018 (restated)	**103,427**	**43,325**	**543,129**	**689,881**
Dividends paid	-	-	(8,663)	(8,663)
Profit after taxation	-	-	83,014	83,014
Government receivables expected credit loss	-	-	(847)	(847)
Balance at 31 December 2018	**103,427**	**43,325**	**616,633**	**763,385**
Year ended 31 December 2019				
Balance at 1 January 2019	103,427	43,325	616,633	763,385
Profit after taxation	-	-	88,124	88,124
Government receivables expected credit loss	-	-	(10,681)	(10,681)
Balance at 31 December 2019	**103,427**	**43,325**	**694,076**	**840,828**

The accompanying notes on pages 34 to77 form an integral part of these financial statements.

Statement of cash flow

(Expressed in Trinidad and Tobago dollars)

		Year ended 31 December	
		2019	**2018**
	Notes	**$'000**	**$'000**
Cash flows from operating activities			
Cash generated by operations	18	261,591	159,121
Taxation paid		(56,822)	(40,099)
Interest paid		(11,007)	(13,162)
Interest received		5,799	1,704
Net cash generated from operating activities		**199,561**	**107,564**
Cash flows from investing activities			
Purchase of property, plant and equipment		(35,131)	(12,336)
Additions to investment properties		(8,354)	(186)
Net increase in investments		(52,467)	(146,557)
Dividend received		-	101
Proceeds from disposal of property, plant and equipment		18	51
Net cash used in investing activities		**(95,934)**	**(158,927)**
Cash flows from financing activities			
Dividend paid		-	(8,663)
Lease principal repayment		(1,604)	-
Repayment of borrowings		(75,196)	(98,196)
Net cash used in financing activities		**(76,800)**	**(106,859)**
Net increase/(decrease) in cash and cash equivalents		**26,827**	**(158,222)**
Cash and cash equivalents at beginning of year		52,619	210,841
Cash and cash equivalents at end of year	**8 (a)**	**79,446**	**52,619**

The accompanying notes on pages 34 to77 form an integral part of these financial statements.

1. Corporate information

The Company was incorporated in Trinidad and Tobago on 7 September 1979 and continued in accordance with Section 340 (1) of The Companies Act, 1995. The Company is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC or the Parent Company) which is owned by the Government of the Republic of Trinidad and Tobago (GORTT). It is principally engaged in the management of certain marine infrastructural facilities at the Port of Point Lisas and Port of Galeota and the promotion and development of the Union Industrial Estate at La Brea. The Company's registered office is located at Corner Rivulet and Factory Roads, Brechin Castle, Couva, Trinidad and Tobago.

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 a number of amendments to IFRS and new Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

- **IFRS 16 *Leases***

  In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

  IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

  The date of initial application of IFRS 16 for the Group is 1 January 2019.

  The Company has applied IFRS 16 using the modified retrospective transitional approach, with adjustment reflected in statement of changes in equity.

  (a) Impact of the new definition of a lease

  The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

  The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

  The Company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. The Company has carried out an implementation project for the first-time application of IFRS 16. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

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)**

- **IFRS 16 *Leases* (continued)**

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases, the Company:

(a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

(ii) Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company's financial statements as there was no lease classified as a finance lease under IAS 17.

(c) Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets. Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

This change did not have a material effect on the Company's financial statements.

Notes to the financial statements
For the year ended 31 December 2019
(Expressed in Trinidad and Tobago dollars)

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)**

- **IFRS 16 *Leases* (continued)**

(d) Financial impact of the initial application of IFRS 16

As at 01 January 2019, a right-of-use asset and a corresponding lease liability was recognised for leases in existence as at 31 December 2018. There was no impact to equity.

Impact on profit and loss for the year ended 31 December 2019

	$'000
Increase in depreciation of right-of-use asset	(1,715)
Increase in finance costs	(454)
Decrease in other expenses	2,057
Decrease in profit for the year	**(112)**

Impact on assets, liabilities and equity for the year ended 31 December 2019

	$'000
Right-of-use asset	7,344
Net impact on total assets	7,344
Lease liabilities	7,456
Net impact on total liabilities	7,456
Retained earnings	(112)

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 IFRS 9: *Prepayment Features with Negative Compensation***

  The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

  The amendment should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

- **Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures***

  The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

  The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9.

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

- ***Annual Improvements to IFRS Standards 2015–2017 Cycle***

  The Annual Improvements include amendments to the following standards:

  – **IFRS 3 Business Combination** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

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

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

- ***Annual Improvements to IFRS Standards 2015–2017 Cycle (continued)***

  - **IFRS 11 Joint Arrangements -** The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

  - **IAS 12 Income Taxes** - The amendments clarify that an entity should recognise the income tax consequences of dividends in profit and loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

  - **IAS 23 Borrowing Costs** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

    The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

- **Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement**

  The amendment clarifies that the past service costs (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling. Any change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is recognised in other comprehensive income.

  The amendment requires that updated assumptions be used to remeasure current service cost and net interest for the remainder of the reporting period after the change to the plan. Net interest post plan amendments is calculated by multiplying the net defined benefit liability (asset) with the discount rate used in the remeasurement.

  These amendments apply to any future plan amendments, curtailments, or settlements of the Company.

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

Notes to the financial statements
For the year ended 31 December 2019
(Expressed in Trinidad and Tobago dollars)

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

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

- **IFRIC 23 Uncertainty over Income Tax Treatments**

The interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

a) Determine whether uncertain tax positions are assessed separately or as a group; and
b) Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

2.2 New and revised IFRS in issue but not yet effective

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

• IFRS 17	Insurance Contracts[1]
• IFRS 10 Consolidated Financial	Sale or Contribution of Assets between an Statement and IAS 28 (amendments) Investor and its Associates or Joint Ventures[2]
• Amendments to IFRS 3	Definition of a busines[s1]
• Amendments to IAS 1 and IAS 8	Definition of material[1]
• Conceptual Framework	Amendments to References to the ConceptualFramework in IFRS Standards[1]

[1] Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
[2] Effective date of the amendments has yet to be set by the IASB; however earlier application of the amendments is permitted.

- **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 management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

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

2.2 **New and revised IFRS in issue but not yet effective (continued)**

- **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. Specifically, 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.

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

  The management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

- **Amendments to IFRS 3 Definition of a business**

  The amendments 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. Additional guidance is provided that helps to determine whether a substantive process has been acquired.

  The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration 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.

  The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

  The management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

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

2.2 **New and revised IFRS in issue but not yet effective (continued)**

- **Amendments to IAS 1 and IAS 8 Definition of material**

The amendments are intended to 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. The concept of 'obscuring' material information with immaterial information has been 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.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

- **Amendments to References to the Conceptual Framework in IFRS Standards**

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to 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.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. 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 amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted

3. **Summary of significant accounting policies**

Basis of preparation

The financial statements have been prepared under the historical cost basis as modified for the fair valuation of investment properties. The financial statements are presented in Trinidad & Tobago dollars (TT$) 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) as issued by the International Accounting Standards Board (IASB).

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 and 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.

3. **Summary of significant accounting policies (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% to 20%
Tugs and workboats	6.67%
Machinery and equipment	12.5% to 20%
Other assets	10% to 50%
Administration building	2%

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

Development costs	3.33%
Buildings	3.33%

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.

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

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.

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.

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.

The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

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, finance income or other financial items, except for impairment of trade receivables which is presented under impairment.

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 reassess its business model each reporting period to determine whether the business models has changes 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.

3. **Significant accounting policies (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 result in reclassifying the Company's financial assets.

Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

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.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

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

Impairment of financial assets (continued)

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.
Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. It is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information.
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.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

iii. **Credit-impaired financial assets (continued)**

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. During 2019, the Company further refined its provisional matrix based on the current year and expected future experience including those receivable amounts with underlying credit issues.

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 losses, 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.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

vi. **Derecognition of financial assets (disclosure notes for derecognition)**

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.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

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.

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.

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

k) **Impairment of non-financial assets (continued)**

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.

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:

Marine infrastructure income

Revenue from the use of the Company's piers, docks and vessels is recognised upon performance of the services.

Property rental income

Lease rental and service charge from operating leases on investment properties are recognised as revenue in the period in which they are earned.

Management fees

Management fees earned on government funded projects are accounted for on the accrual basis.

Interest income

Interest and investment income are accounted for on the accrual basis.

m) **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.

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

m) **Leases (continue)**

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) **Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Non-operating contributions received from the Government are accounted for as capital grants. Capital grants represent amounts received from the Government for specific capital expenditure purposes. Capital grants not yet spent are classified as deferred capital grants. Capital grants relating to non-depreciable assets are deducted against the carrying amount of the asset to which it relates when the expense is incurred. When the capital grant is expended for depreciable assets, the related amounts are transferred from deferred capital grants to deferred income.

Deferred income is amortised to the statement of profit or loss on a systematic basis over the useful lives of the related assets.

p) **Deferred income**

The Company is contractually obligated to invoice its pier users quarterly in advance. This is recognised as deferred income to the value of quarterly fixed user charges for the upcoming period, which will be credited to income in the relevant period to which it relates.

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.

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.

4. **Significant accounting judgements, estimates and assumptions**

Estimates and assumptions

Expected credit losses

When measuring expected credit losses, the Company uses reasonable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company expects to receive, taking into account cash flows from collateral.

Probability of default constitutes a key input in measuring the expected credit losses. Probability of default is an estimate of the likelihood of default over a given time period, the calculation of which includes historical data assumptions and expectations of future conditions.

5. **Property, plant and equipment**

	Marine infrastructure assets $'000	Machinery equipment $'000	Development cost $'000	Leasehold property $'000	Other assets $'000	Work in progress $'000	Total $'000
Cost							
Balance at 1 January 2018	789,973	16,214	2,562	20,636	14,509	760	844,654
Additions	9,446	1,276	-	350	645	619	12,336
Disposals	(1,610)	(261)	-	-	(3,662)	-	(5,533)
Balance at 31 December 2018	**797,809**	**17,229**	**2,562**	**20,986**	**11,492**	**1,379**	851,457
Additions	13,916	2,380	-	-	1,283	17,552	35,131
Transfers	945	427	-	-	-	(1,372)	-
Disposals	(5,304)	(181)	-	-	(859)	-	(6,344)
Balance at 31 December 2019	**807,366**	**19,855**	**2,562**	**20,986**	**11,916**	**17,559**	**880,244**
Accumulated depreciation							
Balance at 1 January 2018	**(401,300)**	**(9,114)**	**(2,141)**	**(4,755)**	**(11,976)**	**-**	**(429,286)**
Depreciation charge	(32,767)	(2,194)	(80)	(426)	(1,119)	-	(36,586)
Disposals	1,422	239	-	-	3,367	-	5,028
Balance at 31 December 2018	**(432,645)**	**(11,069)**	**(2,221)**	**(5,181)**	**(9,728)**	**-**	**(460,844)**
Depreciation charge	(35,253)	(2,413)	(80)	(452)	(762)	-	(38,960)
Disposals	3,271	159	-	-	770	-	4,200
Balance at 31 December 2019	**(464,627)**	**(13,323)**	**(2,301)**	**(5,633)**	**(9,720)**	**-**	**(495,604)**
Net book value							
At 31 December 2018	**365,164**	**6,160**	**341**	**15,805**	**1,764**	**1,379**	**390,613**
At 31 December 2019	**342,739**	**6,532**	**261**	**15,353**	**2,196**	**17,559**	**384,640**

Notes to the financial statements
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6. **Investment properties**

	Buildings	Development cost	Capital work in progress	Total
	$'000	**$'000**	**$'000**	**$'000**
Cost				
Balance at 1 January 2018	600,539	478,739	2,014	1,081,292
Additions	-	186	-	186
Transfers	-	792	(792)	-
Balance at 31 December 2018	**600,539**	**479,717**	**1,222**	**1,081,478**
Additions	-	2,316	6,038	8,354
Transfers	-	1,222	(1,222)	-
Balance at 31 December 2019	**600,539**	**483,255**	**6,038**	**1,089,832**
Accumulated depreciation				
Balance at 1 January 2018	(27,643)	(140,504)	-	(168,147)
Depreciation charge	(4,046)	(18,272)	-	(22,318)
Balance at 31 December 2018	**(31,689)**	**(158,776)**	**-**	**(190,465)**
Depreciation charge	(4,046)	(18,549)	-	(22,595)
Balance at 31 December 2019	**(35,735)**	**(177,325)**	**-**	**(213,060)**
Accumulated impairment				
Balance at 1 January 2018	**(466,071)**	**-**	**-**	**(466,071)**
Balance at 31 December 2018	**(466,071)**	**-**	**-**	**(466,071)**
Balance at 31 December 2019	**(466,071)**	**-**	**-**	**(466,071)**
Net book value				
At 31 December 2018	**102,779**	**320,941**	**1,222**	**424,942**
At 31 December 2019	**98,733**	**305,930**	**6,038**	**410,701**

6. **Investment properties (continued)**

Amounts recognised in statement of profit or loss

	2019 $'000	2018 $'000
Rental income from investment properties	16,793	21,481
Direct operating expenses	1,776	1,709

i) Investment properties comprise the lands at Union Industrial Estate (UIE) and a warehousing facility which was constructed on the UIE. The Company has applied for a reclamation license in respect of the land on which the warehouse facility sits.

ii) Details of the Company's Union Industrial Estate 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 2019	**-**	**-**	**530,357**	**530,357**	**244,428**
At 31 December 2018	**-**	**-**	**465,017**	**465,017**	**249,900**

The recoverable amount has been determined based on a value-in-use calculation using cash flow projections from lease agreements and the Board approved business development, at a discount rate of 5.602% (2018: 6.376%). As a result of this analysis, no impairment was recognised by Management for income year 2019 and 2018 on its investment properties in the statement of profit or loss

iii) Details of the Company's Brighton Materials Storage and Handling Warehouse facility 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 2019	**-**	**-**	**79,008**	**79,008**	**72,680**
At 31 December 2018	**-**	**-**	**76,073**	**76,073**	**76,073**

The recoverable amount has been determined for 2019 using the fair value less cost to sell (2018: value-in-use calculation using cash flow projections from lease agreements and the Board approved business development, at a discount rate of 6.376%). As a result of these analysis, no impairment was recognised by Management for income year 2019 and 2018 on its investment properties in the statement of profit or loss.

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7. **Taxation**

a) **Taxation charge**

	2019 $'000	2018 $'000
The major components of the taxation expense are as follows:		
Corporation tax: current year	51,483	44,104
Corporation tax: prior year	(108)	-
Green fund levy	1,113	1,082
Deferred taxation credit (Note 7 (b))	(2,549)	(376)
	49,939	**44,810**

A reconciliation of the expected income tax expense determined using the statutory tax rate of 30% to the effective income tax expense is as follows:

	2019 $'000	2018 $'000
	138,063	**127,824**
Income taxes thereon at the rate of 30%	41,419	38,347
Non-deductible expenses	1,451	196
Permanent differences	6,064	5,031
Green fund levy	1,113	1,082
Prior year taxes	(108)	-
Other differences	-	154
	49,939	**44,810**

b) **Deferred tax**

Significant components of the deferred tax assets and liabilities are as follows:

	2019 $'000	2018 $'000
Assets		
Accrued vacation leave	2,035	1,986
Credit loss allowance	2,982	2,313
Accrued interest payable	204	277
	5,221	**4,576**
Liabilities		
Long lived assets	**63,702**	**65,606**

Movement for the year in the net deferred tax liability:

	2019 $'000	2018 $'000
Movement for the year:		
Balance at 1 January	61,030	63,316
Deferred tax credit to statement of profit and loss	(2,549)	(376)
Deferred tax credit to retained earnings	-	(1,910)
Balance at 31 December	**58,481**	**61,030**

8. Cash and cash equivalents and investments

a) Cash and cash equivalents

	2019 $'000	2018 $'000
Cash at bank and on hand	79,446	52,619
	79,446	**52,619**

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 cash equivalents is $79.446 million (2018: $52.619 million).

b) Investments

	2019 $'000	2018 $'000
Investments	241,749	189,282
	241,749	**189,282**
Investment held with Clico Investment Bank	5,530	5,530
Less: Impairment provision of short-term deposit	(5,530)	(5,530)
	241,749	**189,282**

Investments are term deposits made for varying periods in excess of three months and earns interest at their respective rates.

In 2018, the Company recovered TT$9.015 million of the investment note certificates held with Clico Investment Bank Limited (CIB) in the form as cash and shares in Republic Bank Limited and One Caribbean Media Limited. The initial investment was in the amount of TT$14.381 million. 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$5.530 million remains fully provided for as at 31 December 2019 as the likelihood and timing is unknown.

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9. Trade and other receivables

	2019 $'000	2018 $'000
Trade receivables - third parties	60,180	56,221
Credit loss allowance (Note 9b)	(9,941)	(7,706)
	50,239	48,515
Other receivables:		
Due from Government of Trinidad & Tobago (Note 9 (c))	-	21,122
Value Added Tax recoverable	13,994	6,643
Prepaid expenses	2,049	2,235
Insurance prepayment	2,979	2,916
Interest receivable	3,360	2,381
Other	16,587	11,294
Total receivables and prepayments	**89,208**	**95,106**

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

(b) As at 31 December 2019 and 31 December 2018, the risk profile of trade receivables based on the Company provisional matrix were as follows:

	Not past due $'000	<30 $'000	31-60 $'000	61-90 $'000	91-120 $'000	>120 $'000	>120 with underlying issues $'000	Total $'000
		Trade receivables - days past due						
2019								
Expected credit loss rate	**0.60%**	**1.60%**	**2.60%**	**3.60%**	**4.60%**	**5.60%**	**100.00%**	
Estimated total gross carrying amount	36,162	8,935	2,928	824	1,153	801	9,377	60,180
Lifetime expected credit loss	217	143	76	30	53	45	9,377	9,941
Estimated total net carrying amount	**35,945**	**8,792**	**2,852**	**794**	**1,100**	**756**	**-**	**50,239**
2018								
Expected credit loss rate	**0.51%**	**0.63%**	**1.32%**	**1.41%**	**3.51%**	**91.90%**		
Estimated total gross carrying amount	29,126	14,931	3,130	413	573	8,048	-	56,221
Lifetime expected credit loss	149	94	41	6	20	7,396	-	7,706
Estimated total net carrying amount	**28,977**	**14,837**	**3,089**	**407**	**553**	**652**	**-**	**48,515**

9. **Trade and other receivables (continued)**

(c) As at 31 December 2019 and 31 December 2018, amounts due from the Government of Trinidad and Tobago were as follows:

	2019 $'000	2018 $'000
Gross carrying amount	92,191	102,632
Credit loss allowance	(92,191)	(81,510)
Net carrying amount	-	21,122

Movement in credit loss allowance resulted from the Company expended additional amounts in excess of Cabinet Approved Budget on Government mandated projects.

(d) As at 31 December 2019, trade and other receivables had an expected credit loss of $102.132 million (2018: $89.216 million). Movements in the provision for impairment of receivables were as follows:

	Collectively assessed $'000	Individually assessed $'000	Total $'000
Balance as at 1 January 2018	**87,028**	**-**	**87,028**
Amount recovered	(267)	-	(267)
Net remeasurement of loss allowance	2,455	-	2,455
Balance as at 31 December 2018	**89,216**	**-**	**89,216**
Balance as at 1 January 2019	**89,216**	**-**	**89,216**
Amount recovered	(300)		(300)
Net remeasurement of loss allowance	13,216	-	13,216
Balance as at 31 December 2019	**102,132**	**-**	**102,132**

9. **Trade and other receivables (continued)**

(e) 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
2019		
Government receivables with a gross carrying value of $92.191 million which required additional Cabinet Approval, $81.510 million provided for the previous periods	10,681	-
One customer's account with a gross carrying value of $1.448 million over 120 days that decision was taken to terminate agreement for non-payment	1,448	-
Three customers' accounts with a gross carrying amount of $2.884 million over 120 days	1,087	-
Partial settlement by customers with gross carrying amount over 120 days past due	(300)	-
	12,916	**-**
2018		
Government receivables with a gross carrying value of $102.632 million of which $81.510 million required additional Cabinet Approval	847	-
One customer's account witha gross carrying amount of $1.152 million over 120 days of which $0.767 million was outstanding as at 30 December 2017	384	-
Two customers' accounts with a gross carrying amount of $0.568 million over 120 days past due	568	-
Partial settlement by customers with gross carrying amount over 120 days past due	(267)	-
Origination of new trade receivables net of those settle	656	-
	2,188	**-**

10. Stated capital

Authorised:
An unlimited number of ordinary shares of no-par value

	2019 $'000	2018 $'000I
Issued and fully paid:		
1,034,270 ordinary shares of no-par value	**103,427**	**103,427**

11. Capital contribution

The parent company, NGC provided the Company with a loan at an interest rate below market rate effective 31 December 2008. This resulted in the Company recognising a capital contribution of $97.223 million when the loan was recorded at fair value at 31 December 2008. (See Note 12 (a)). As at 31 December 2010 and 2011 additional fair value adjustments of $4.256 million and $18.035 million were recorded on the loan from the parent due to a deferral of the commencement of loan instalments to 1 January 2016 and 1 January 2017 respectively.

On 2 June 2016, the Company refinanced the above loan by consolidating the two existing loans with NGC at an interest rate of 4.6% (See Note 12(c)). This resulted in a reduction in the capital contribution by $76.189 million when the loan was recorded at fair value.

12. Long-term debt

	Long-term portion	Current portion	2019	2018
	$'000	**$'000**	**$'000**	**$'000**
Consolidated loan (Note 12(c))	113,896	48,195	162,091	233,255

a) On 12 April 2009, the Company was mandated by the Government of the Republic of Trinidad and Tobago to reimburse the Parent Company, NGC, for the cost of the development of Union Industrial Estate, La Brea. The purchase consideration of US$58.518 million (TT$367.078 million) was set up as a loan with an effective date of 31 December 2008. The principal is to be paid in equal semi-annual instalments originally commencing 1 July 2009 with interest at a rate of 3.0% per annum. Interest for 2010 and 2011 have been capitalised. Interest payments commenced in 2012 and principal repayments in 2017.

As the parent Company had provided a loan at an interest rate below market rate, the Company recorded a capital contribution of $97.223 million when the loan was recorded at fair value at 31 December 2008.

b) As a result of the discontinuance of the aluminium smelter during 2010, the scope of works regarding the construction of the material, handling and storage facility was changed. This change resulted in a reduction in the amount of financing required from NGC to US$66.0 million. The loan agreement which was executed on 23 December 2010 provides for the Company to repay the principal over a period of not more than 15 years in equal semi-annual instalments with a rate thereon at a maximum of 7%. The first principal instalment is due within two (2) years of the date of execution of the loan agreement.

c) On 2 June 2016, the Company refinanced the two (2) loans mentioned in Note 12(a) and 12(b) above. These loans were consolidated with the following terms:
   i. Currency denomination changed from United States dollars to Trinidad and Tobago dollars
   ii. Interest rate changed to 4.6%
   iii. Tenure of ten (10) years with equal semi-annual principal payment

   As at 2 June 2016, the principal outstanding amounted to TT$481.951 million with a fair value of TT$458.678 million.

d) Interest on the loan shall be paid semi-annually, with effect from the effective date of the loan.

Carrying amount		Fair value	
2019	**2018**	**2019**	**2018**
$'000	**$'000**	**$'000**	**$'000**
162,091	**233,255**	**162,091**	**233,255**

The fair value of the Company's long-term borrowings is estimated by discounting future cash flows using rates prevailing at the year-end date for debt on similar terms, credit risk and remaining maturities, with the exception of the loan with NGC for the construction of the Material, Handling and Storage Facility which approximates its carrying value.

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12. Long-term debt

Maturity profile of long-term debt

	2019 $'000	2018 $'000
In one year or less	48,195	48,195
In more than one year but not more than two years	48,195	48,195
In more than two years but not more than three years	48,195	48,195
In more than three years but not more than four years	17,506	48,195
In more than four years but not more than five years	-	40,475
	162,091	**233,255**

13. Trade and other payables

	2019 $'000	2018 $'000
Trade payables	9,994	5,701
Accrued material/service amounts	30,526	14,186
Employee related accruals	15,757	12,571
Retentions	11,986	20,737
VAT payable	2,954	2,093
	71,217	**55,288**

The table below summarises the trade and other payables:

	Under 3 months $'000	3-12 months $'000	Total $'000
As at 31 December 2019			
Trade creditors & accruals	52,217	11,986	64,203
Accrued vacation leave	-	6,784	6,784
Accrued audit fees	-	230	230
Total trade creditors and accruals	**52,217**	**19,000**	**71,217**
As at 31 December 2018			
Trade creditors & accruals	27,840	20,737	48,577
Accrued vacation leave	-	6,620	6,620
Accrued audit fees	-	91	91
Total trade creditors and accruals	**27,840**	**27,448**	**55,288**

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14. **Deferred income**

	2019 $'000	2018 $'000
Billings in advance (Note 14 (a))	17,330	4,172
Deferred income - Union Industrial Estate and Renewables (Note 14 (b))	77,929	74,588
Deferred income – Other	8,650	8,332
	103,909	**87,092**
Non-current	64,052	69,320
Current	39,857	17,772
	103,909	**87,092**

a) This amount relates to pier user charges billed in advance.

b) Deferred income - Union Industrial Estate and Renewables:

	2019 $'000	2018 $'000
Balance at 1 January	74,588	79,897
Amount received during the year	8,609	-
Amount transferred to offset expenses-Renewables	-	(41)
Amount released to income	(5,268)	(5,268)
Balance at 31 December 2019	**77,929**	**74,588**

15. **Revenue**

The revenue principally consists of the following:

	2019 $'000	2018 $'000
ISCOTT dock	12,480	10,102
Savonetta piers	144,421	138,590
Point Lisas harbour	38,477	36,250
Tugs and workboats	112,490	98,304
Lease land (Note 6)	16,793	21,481
Amortisation of deferred capital grant	5,268	5,268
Galeota port	15,424	18,521
Berth 3 – Brighton	11,434	11,018
Tug mooring facility rental	853	851
Rental storage facilities	1,698	518
	359,338	**340,903**

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16. Other income

	2019 $'000	2018 $'000
Management fees – La Brea Industrial Development Company Limited	1,232	816
Project management fees	28	794
Loss on disposal of property, plant & equipment	(2,125)	(455)
Miscellaneous	2,512	5,482
	1,647	**6,637**

17. Expenses

a) Operating costs:

	2019 $'000	2018 $'000
Depreciation and amortisation	57,275	54,512
Maintenance - marine facilities	42,474	36,798
Salaries and related benefits (Note 17(d))	8,435	12,667
Management fees - tugs & workboats	26,320	24,900
Insurance	6,815	6,716
Security	4,782	5,054
	146,101	**140,647**

b) Administrative and general expenses:

	2019 $'000	2018 $'000
Salaries and related benefits (Note 17(d))	42,895	52,277
Depreciation and amortisation	5,995	4,392
Management fees – NGC	1,650	1,000
Insurance	502	361
Movement in credit loss allowance	2,235	(8,212)
Motor vehicle expense	1,730	1,928
General business travel	455	161
Security	583	661
Advertising and communications	645	432
Legal and professional fees	4,341	1,293
Donation – other	225	145
Other	7,226	6,408
	68,482	**60,846**

17. **Expenses (continued)**

(c) **Finance costs:**

	2019 $'000	2018 $'000
Interest on debt and borrowings - related parties	10,307	12,785
Notional interest on related party loan	4,030	6,945
Lease interest	454	-
	14,791	**19,730**

(d) **Staff costs:**

	2019 $'000	2018 $'000
Included under marine expenses	8,435	12,667
Included under administrative and general expenses	42,895	52,277
	51,330	**64,944**

(e) **Pension costs:**

	2019 $'000	2018 $'000
Pension expense recognised in profit and loss	4,273	10,840
Pension liability	3,809	-

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.

18. **Cash flows from operating activities**

	2019 $'000	2018 $'000
Cash flows from operating activities		
Net income for the year before taxation	138,063	127,824
Adjustment for:		
Depreciation of property, plant and equipment	61,555	58,903
Depreciation of right-of-use assets	1,715	-
Interest expense	14,791	19,730
Interest income	(6,778)	(3,673)
Dividend income	-	(101)
Loss/gain on disposal of fixed asset	2,126	455
Amortisation of deferred income	(5,268)	(5,268)
Operating profit before working capital changes	206,204	197,870
Decrease in trade and other receivables and due from related parties and Parent Company	17,071	29,824
Increase/(decrease) in deferred income and deferred capital grant	22,085	(12,947)
Increase/(decrease) in trade and other payables due to related parties and Parent company	16,231	(55,626)
Cash generated from operating activities	**261,591**	**159,121**

19. **Related party balances and transactions**

The Company is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago, which is 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 Alutrint Limited, Alutech Limited, Trinidad Generation Unlimited (TGU), NGC CNG Company Limited and Petroleum Company of Trinidad and Tobago (Petrotrin).

The sales to and purchases from related parties are at arm's length, with the exception of the interest rate on the UIE loan from the parent company (See Note 12 (b)). 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 with the exception of that relating to Alutech Limited. At 31 December 2019, the Company has recorded a credit loss allowance relating to amounts owed by related party Alutech Limited of $20.309 million (2018: $20.309 million) and the Government of the Republic of Trinidad and Tobago of $92.190 million (2018: $81.510millon) (See Note 9 (c)). An assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The table on the following page provides the total amount of material transactions, which have been entered into with related parties and the balance outstanding for the year ended 31 December 2019 and 31 December 2018.

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19. **Related party balances and transactions (continued)**

		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					
Reimbursements	2019	-	-	-	2,337
	2018	-	-	-	2,755
Lease land/building	2019	1,242	-	-	-
	2018	1,440	-	-	-
Management fees	2019	-	1,650	-	-
	2018	-	1,000	-	-
Loans	2019	-	10,307	-	162,091
	2018	-	12,785	-	233,255
La Brea Industrial Development Company Limited					
Management fees/ reimbursements	2019	1,232	-	19,707	527
	2018	816	-	40,581	62
Trinidad Generation Unlimited					
Income Lease Land	2019	3,169	-	-	-
	2018	6,833	-	-	-
NGC/CNG					
Building Lease/Reimbursements	2019	756	-	-	-
	2018	741	-	-	-
PPGPL					
Leased land	2019	351	-	-	-
	2018	350	-	-	-
Government of the Republic of Trinidad and Tobago					
Government-funded project costs	2019	28	-	-	-
	2018	794	-	21,122	-
Directors' allowances and fees	2019		434		
	2018		406		

Compensation of key management personnel:

	2019 $'000	2018 $'000
Short-term employee benefits	11,664	14,945

20. Operating lease arrangements

The Company as a lessor

The Company has entered into commercial land and building leases with respect to its investment property portfolio, consisting of land and infrastructure. These leases have remaining terms of between 1 and 25 years.

Future minimum rentals receivable under operating leases are as follows:

	2019 $'000	2018 $'000
Not later than 1 year	24,133	23,413
Later than 1 year and not longer than 5 years	67,180	68,464
Later than 5 years	299,832	319,089
	391,145	**410,966**

21. Leases (Company as a lessee)

Right-of-lease assets

	Land $'000	Photocopiers $'000	Motor Vehicles $'000	Total $'000
Cost				
At 1 January 2019	3,406	-	4,610	8,016
Addition	-	1,043	-	1,043
At 31 December 2019	3,406	1,043	4,610	9,059
Accumulated depreciation				
At 1 January 2019	-	-	-	-
Charge for the year	45	133	1,537	1,715
At 31 December 2019	45	133	1,537	1,715
Carrying amount				
At 1 January 2019	3,406	-	4,610	8,016
At 31 December 2019	3,361	910	3,073	7,344

The Company lease assets includes:

a) Land – land located in Couva and Point Lisas harbour seabed leases both with 99 years term.
b) Photocopiers with terms of 3 years. There is no option to purchase the copier.
c) Motor vehicles with terms of 4 years. The option to purchase motor vehicle resides with the employee assigned.

21. **Leases (Company as a lessee) (continued)**

	2019
	$'000
Amount recognised in profit and loss	
Depreciation expense on right-of-use assets	1,715
Interest expense on lease liabilities	454

The Company currently leases land at Corner Rivulet and Factory Roads, Brechin Castle, Couva however, the lease agreement has not yet been finalised at the reporting date.

22. **Lease liabilities**

Maturity analysis:

	2019
	$'000
Year 1	1,877
Year 2	1,939
Year 3	238
Year 4	1
More than 4 years	3,401
	7,456

Analysed as:

	2019
	$'000
Non-current	5,579
Current	1,877
	7,456

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

23. **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 policies for managing each of these risks which are summarised below.

23. **Financial risk management objectives and policies (continued)**

Credit risk

The Company trades only with recognised credit worthy third parties. In addition, receivable balances are monitored on an ongoing basis. 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 TT$14.381M in investment note certificates with Clico Investment Bank Limited. As stated in Note 8 (b), a credit loss allowance has been established for this entire balance in 2008 with part settlement of debt in 2018. The recoverability of the outstanding balance remains doubtful.

Interest rate risk

The Company is exposed to minimal interest rate risk because the Company borrows funds at fixed interest rates. See Note 12.

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 liabilities based on contractual undiscounted payments:

	On demand $'000	Under 3 months $'000	3 - 12 months $'000	1 - 4 years $'000	>5 years $'000	Total $'000
As at 31 December 2019						
Assets						
Cash and cash equivalents	79,446	-	-	-	-	79,446
Investments	-	27,666	214,083	-	-	241,749
Trade and other receivables		48,027	41,181			89,208
Due from related parties	-	-	19,707	-	-	19,707
	79,446	**75,693**	**274,971**	**-**	**-**	**430,110**
Liabilities						
Interest-bearing debt	-	-	55,320	126,109	-	181,429
Trade creditors and accruals	-	52,217	11,986			64,203
Interest bearing lease liabilities	-	811	1,485	3,483	23,429	29,208
Due to related parties	-	-	527	-	-	527
Due to parent company	-	-	2,337	-	-	2,337
	-	**53,028**	**71,655**	**129,592**	**23,429**	**277,704**
Net liquidity position	**79,446**	**22,665**	**203,316**	**(129,592)**	**(23,429)**	**152,406**

Notes to the financial statements
For the year ended 31 December 2019
(Expressed in Trinidad and Tobago dollars)

23. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	On demand $'000	Under 3 months $'000	3 - 12 months $'000	1 - 4 years $'000	>5 years $'000	Total $'000
As at 31 December 2018						
Assets						
Cash and cash equivalents	52,619	-	-	-	-	52,619
Investments	-	189,282	-	-	-	189,282
Trade and other receivables	-	48,515	46,591	-	-	95,106
Due from related parties	-	-	40,581	-	-	40,581
	52,619	**237,797**	**87,172**	**-**	**-**	**377,588**
Liabilities						
Interest bearing debt	-	-	58,748	212,823	499	272,070
Trade creditors and accruals	-	27,840	20,737	-	-	48,577
Due to related parties	-	-	62	-	-	62
Due to parent company	-	-	3,951	-	-	3,951
	-	**27,840**	**83,498**	**212,823**	**499**	**324,660**
Net liquidity position	**52,619**	**209,957**	**3,674**	**(212,823)**	**(499)**	**52,928**

23. **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 $'000s	
As at 31 December 2019				
Cash and cash equivalents	US$	9,121	TT$	61,683
Investments	US$	33,886	TT$	229,149
Trade and other receivables	US$	11,652	TT$	76,884
Trade and other payables	US$	2,410	TT$	15,344
	EUR	84	TT$	657
As at 31 December 2018				
Cash and cash equivalents	US$	5,939	TT$	40,233
Investments	US$	25,000	TT$	169,511
Trade and other receivables	US$	11,035	TT$	72,785
	GBP	2	TT$	27
	EUR	161	TT$	1,282
Trade and other payables	US$	2,717	TT$	17,466
	EUR	15	TT$	119

23. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

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 2019	**7%**	**30,201**
	(7%)	**(30,201)**
As at 31 December 2018	**7%**	**21,482**
	(7%)	**(21,482)**

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 2018.

The capital structure of the Company consists of share capital, reserves and retained earnings. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust capital structure, the Company may issue new shares by transfers from retained earnings, adjust the dividend payment to shareholders or make transfers to its reserves. No changes were made in the objectives, policies or processes during the year ended 31 December 2019 and the year ended 31 December 2018.

24. Financial instruments

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

Long-term financial assets and liabilities
The fair value of the Company's long-term borrowings is estimated by discounting future cash flows using rates prevailing at the reporting date for debt on similar terms, credit risk and remaining maturities, with the exception of the loan from NGC for the construction of the Material, Handling and Storage Facility which approximates its carrying value (Note 12(b)).

Notes to the financial statements
For the year ended 31 December 2019
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25. **Capital commitments**

	2019 $'000	2018 $'000
Approved and contracted capital expenditure	**8,442**	**14,732**

These commitments include contractual commitments of $ Nil (2018: $14.509 million) entered into by the Company on behalf of the Government of the Republic of Trinidad and Tobago.

26. **Contingent liabilities**

During 2016, the Company received invoices totalling $11.67M from a contractor, for which no agreement exists. The Company has written to the contractor requesting copies of any agreement(s) and an investigation is in progress. No accruals have been made in the financial statements for any liability in respect of this claim. This issue remains unresolved to date.

27. **Events after the reporting date**

Management is currently evaluating the potential impact of the coronavirus disease 2019 (COVID-19) that occurred subsequent to year end. This disease was declared a pandemic by the World Health Organisation on March 11, 2020. 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.

The continuation of these circumstances could have a negative impact on the Company's financial condition and results.

Financial Profile

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 2019, 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 audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the 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	VP Finance & Administration
30 June 2020	30 June 2020

Deloitte.

Independent auditors' report
to the shareholders 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 2019, 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 2019, 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.

continued ...

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 skepticism 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
Trinidad
17 July 2020

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

	Notes	2019 $'000	2018 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	321,740	333,967
Investment properties	6	118,304	125,688
Right-of-use asset	19	223	-
Deferred taxation	12	27,902	18,288
Total non-current assets		**468,169**	**477,943**
Current assets			
Cash and short-term deposits	7	23,256	61,819
Trade and other receivables	8	32,861	28,763
Due from related parties	17	556	1,911
Taxation recoverable		49	43
Total current assets		56,722	92,536
Total assets		**524,891**	**570,479**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	9	573,131	254,919
Capital contribution	10	-	318,212
Accumulated losses		(102,440)	(85,247)
Total shareholders' equity		**470,691**	**487,884**
Non-current liabilities			
Shareholders' advances	11/17	322	7,094
Deferred income	14	10,691	12,455
Lease liabilities	20	125	-
Deferred taxation	12	16,769	11,258
Total non-current liabilities		**27,907**	**30,807**
Current liabilities			
Trade and other payables	13	4,017	8,775
Deferred income	14	2,490	2,212
Lease liabilities	20		102
	-		
Due to related party	17	19,684	40,565
Taxation payable		-	236
Total current liabilities		**26,293**	**51,788**
Total liabilities		**54,200**	**82,595**
Total liabilities and equity		**524,891**	**570,479**

The accompanying notes on pages 87 to 123 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 30 June 2020.

Director

Director

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

	Notes	Year ended 31 December 2019 $'000	2018 $'000
Revenue			
Bio-remediation services		990	674
Port and harbour		16,204	26,206
Property rental income	6	15,208	14,520
		32,402	41,400
Operating expenses	15	(33,227)	(25,415)
Operating (loss)/profit		(825)	15,985
Interest income and other investment income		51	184
Other operating income		1,843	4,200
Gain on foreign exchange transactions		36	95
Administrative, general and maintenance services	16	(22,282)	(13,649)
Interest expense		(7)	-
Loss on disposal of property, plant and equipment		(12)	-
Other expenses		(3)	(17)
		(20,374)	(9,187)
(Loss)/profit before taxation		(21,199)	6,798
Income tax expense/(credit)	12 (a)	4,006	(3,785)
(Loss)/profit after taxation		**(17,193)**	**3,013**
Total comprehensive (loss)/income		**(17,193)**	**3,013**

The accompanying notes on pages 87 to 123 form an integral part of these financial statements.

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

	Notes	Share capital $'000	Capital contribution $'000	Accumulated losses $'000	Total equity $'000
Year ended 31 December 2018					
Balance at 1 January 2018		254,919	318,212	(88,092)	485,039
Effect of adoption of new accounting standard IFRS 9		-	-	(168)	(168)
Balance at 1 January 2018 (restated)		**254,919**	**318,212**	**(88,260)**	**484,871**
Profit for the year after taxation		-	-	3,013	3,013
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	3,013	3,013
Balance at 31 December 2018		**254,919**	**318,212**	**(85,247)**	**487,884**
Year ended 31 December 2019					
Balance at 1 January 2019		254,919	318,212	(85,247)	487,884
Transfer to share capital	9/10	318,212	(318,212)	-	-
Loss for the year after taxation		-	-	(17,193)	(17,193)
Other comprehensive income for the year		-	-	-	-
Total comprehensive and other comprehensive loss for the year		-	-	(17,193)	(17,193)
Balance at 31 December 2019		**573,131**	**-**	**(102,440)**	**470,691**

The accompanying notes on pages 87 to 123 form an integral part of these financial statements.

Statement of cash flows

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2019 $'000	2018 $'000
Cash flows from operating activities			
(Loss)/profit before taxation		(21,199)	6,798
Adjustment for:			
Depreciation of property, plant and equipment		21,117	20,666
Depreciation of right-of-use assets		85	-
Interest expense		7	-
Interest income		(51)	(128)
Dividend income		-	(29)
Loss on disposal of property, plant and equipment		12	-
Operating (loss)/profit before working capital changes		(29)	27,307
(Increase)/decrease in receivables and pre-payments		(4,098)	9,947
Increase in due from related parties		1,355	9,932
Increase in deferred income		(1,486)	(1,028)
Increase in due to related parties		(20,881)	(20,330)
Decrease in trade and other payables and due to parent company		(11,527)	(32,554)
Net cash used in operating activities		**(36,666)**	**(6,726)**
Lease interest paid		(7)	-
Interest received		51	128
Taxation paid		(342)	(402)
Net cash used in operating activities		**(36,964)**	**(7,000)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(29)	(610)
Additions to investment properties		(1,489)	(2,438)
Dividend received		-	29
Net cash used in investing activities		**(1,518)**	**(3,019)**
Cash flows from financing activities			
Lease principal repayment		(81)	-
Net cash used in financing activities		**(81)**	**-**
Net decrease in cash during the year		(38,563)	(10,019)
Cash and cash equivalents at beginning of year		61,819	71,838
Cash and cash equivalents at end of year	7	**23,256**	**61,819**

The accompanying notes on pages 87 to 123 form an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2019
(Expressed in Trinidad and Tobago dollars)

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

1.1 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).

1.2 Revised LABIDCO Shareholding

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.

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 a number of amendments to IFRS and new Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

- **IFRS 16 *Leases***

  In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

  IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

  The date of initial application of IFRS 16 for the Group is 1 January 2019.

  The Company has applied IFRS 16 using the modified retrospective transitional approach, with adjustment reflected in statement of changes in equity.

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)**

- **IFRS 16 Leases (continued)**

(a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. The Company has carried out an implementation project for the first-time application of IFRS 16. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases, the Company:

(a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

(ii) Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company's financial statements as there was no lease classified as a finance lease under IAS 17.

Notes to the financial statements
For the year ended 31 December 2019
(Expressed in Trinidad and Tobago dollars)

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)**

- **IFRS 16 *Leases* (continued)**

(c) Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

This change did not have a material effect on the Company's financial statements.

(d) Financial impact of the initial application of IFRS 16

As at 01 January 2019, a right-of-use asset and a corresponding lease liability was recognised for leases in existence as at 31 December 2018. There was no impact to equity.

Impact on profit and loss for the year ended 31 December 2019

	$'000
Increase in depreciation of right-of-use asset	(85)
Increase in finance costs	(7)
Decrease in other expenses	88
Decrease in profit for the year	**(4)**

Impact on assets, liabilities and equity as at 31 December 2019

	As previously reported $'000	**IFRS 16 adjustments $'000**	**As restated $'000**
Right-of-use asset	-	223	223
Net impact on total assets	-	223	223
Lease liabilities	-	227	227
Net impact on total liabilities	-	227	227
Retained earnings	-	(4)	(4)

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 IFRS 9: *Prepayment Features with Negative Compensation***

  The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

  The amendment should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

- **Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures***

  The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

  The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9.

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

- ***Annual Improvements to IFRS Standards 2015–2017 Cycle***

  The Annual Improvements include amendments to the following standards:

  – **IFRS 3 Business Combination** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

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

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

- ***Annual Improvements to IFRS Standards 2015–2017 Cycle* (continued)**

  - **IFRS 11 Joint Arrangements** - The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

  - **IAS 12 Income Taxes** - The amendments clarify that an entity should recognise the income tax consequences of dividends in profit and loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

  - **IAS 23 Borrowing Costs** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

- **Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement**

  The amendment clarifies that the past service costs (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling. Any change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is recognised in other comprehensive income.

  The amendment requires that updated assumptions be used to remeasure current service cost and net interest for the remainder of the reporting period after the change to the plan. Net interest post plan amendments is calculated by multiplying the net defined benefit liability (asset) with the discount rate used in the remeasurement.

  These amendments apply to any future plan amendments, curtailments, or settlements of the Company.

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

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

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

- **IFRIC 23 Uncertainty over Income Tax Treatments**

The interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

a) Determine whether uncertain tax positions are assessed separately or as a group; and

b) Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

2.2 New and revised IFRS in issue but not yet effective

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

• IFRS 17	Insurance Contracts[1]
• IFRS 10 Consolidated Financial Statement and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures[2]
• Amendments to IFRS 3	Definition of a business[1]
• Amendments to IAS 1 and IAS 8	Definition of material[1]
• Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards[1]

[1] Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
[2] Effective date of the amendments has yet to be set by the IASB; however earlier application of the amendments is permitted.

- **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 management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

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

2.2 **New and revised IFRS in issue but not yet effective (continued)**

- **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. Specifically, 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.

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

  The management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

- **Amendments to IFRS 3 Definition of a Business**

  The amendments 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.

  Additional guidance is provided that helps to determine whether a substantive process has been acquired.

  The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration 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.

  The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

  The management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

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

2.2 **New and revised IFRS in issue but not yet effective (continued)**

- **Amendments to IAS 1 and IAS 8 Definition of Material**

  The amendments are intended to 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. The concept of 'obscuring' material information with immaterial information has been 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.

  The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

- **Amendments to References to the Conceptual Framework in IFRS Standards**

  Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to 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.

  Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. 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 amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, 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 financials statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

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

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.

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.

Notes to the financial statements
For the year ended 31 December 2019
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3. **Summary of significant accounting policies (continued)**

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 income/expense for the year.

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.

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.

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

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.

The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures.

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, finance income or other financial items, except for impairment of trade receivables which is presented under impairment.

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 reassess its business model each reporting period to determine whether the business models has changes since the preceding period.

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

i) **Financial assets and liabilities (continued)**

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.

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 result in reclassifying the Company's financial assets.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

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

Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

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.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. It is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information.

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]).

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

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 losses, 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.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

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

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.

vi. **Derecognition of financial assets (disclosure notes for derecognition)**

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.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

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.

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.

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

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.

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.

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

m) **Leases (continued)**

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.

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.

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.

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

Estimates and assumptions (continued)

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

When measuring expected credit losses, the Company uses reasonable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company expects to receive, taking into account cash flows from collateral.

Probability of default constitutes a key input in measuring the expected credit losses. Probability of default is an estimate of the likelihood of default over a given time period, the calculation of which includes historical data assumptions and expectations of future conditions.

5. **Property, plant and equipment**

	Marine infrastructure assets $'000	Machinery and equipment $'000	Other $'000	Total $'000
Cost				
Balance at 1 January 2018	504,105	299	510	504,914
Additions	-	610	-	610
Balance at 31 December 2018	504,105	909	510	505,524
Additions	-	29	-	29
Disposals	-	-	(69)	(69)
Balance at 31 December 2019	504,105	938	441	505,484
Accumulated depreciation				
Balance at 1 January 2018	(59,809)	(278)	(383)	(60,470)
Depreciation expense	(12,078)	(16)	(55)	(12,149)
Disposals	-	-	-	-
Balance at 31 December 2018	(71,887)	(294)	(438)	(72,619)
Depreciation expense	(12,077)	(132)	(35)	(12,244)
Disposals	-	-	57	57
Balance at 31 December 2019	(83,964)	(426)	(416)	(84,806)
Accumulated impairment losses				
Balance at 1 January 2018	(98,938)	-	-	(98,938)
Balance at 31 December 2018	(98,938)	-	-	(98,938)
Balance at 31 December 2019	(98,938)	-	-	(98,938)
Carrying amount				
At 31 December 2018	**333,280**	**615**	**72**	**333,967**
At 31 December 2019	**321,203**	**512**	**25**	**321,740**

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

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 4.83%. As a result of this analysis, no impairment was recognised by Management for 2019 (2018: 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 2019	-	-	364,658	364,658	321,203
At 31 December 2018	-	-	419,534	419,534	333,280

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6. Investment properties

	Development costs $'000	Freehold land $'000	Fabrication yard $'000	Capital work in progress $'000	Total $'000
Cost					
Balance at 1 January 2018	164,443	46,465	45,174	-	256,082
Additions	138	-	-	2,300	2,438
Transfers	1,782	-	-	(1,782)	-
Balance at 31 December 2018	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
Accumulated depreciation and impairment					
Balance at 1 January 2018	(27,606)	-	(19,427)	-	(47,033)
Depreciation expense	(6,978)	-	(1,538)	-	(8,516)
Balance at 31 December 2018	(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)
Accumulated impairment charges losses					
Balance at 1 January 2018	(77,283)	-	-	-	(77,283)
Balance at 31 December 2018	(77,283)	-	-	-	(77,283)
Balance at 31 December 2019	(77,283)	-	-	-	(77,283)
Carrying amount					
At 31 December 2018	**54,496**	**46,465**	**24,209**	**518**	**125,688**
At 31 December 2019	**49,168**	**46,465**	**22,671**	**-**	**118,304**

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6. **Investment properties (continued)**

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

	2019 $'000	2018 $'000
Rental income from investment properties	15,208	14,520
Direct operating expenses	**1,036**	**1,958**

iii) Fair value measurement of the Company's investment properties
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 2019 financial budgets approved by management and the Board of Directors and extrapolated for a four year period, at a discount rate of 4.83%. As a result of this analysis, no impairment was recognised by Management for 2019 (2018: 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 2019	**-**	**-**	**139,655**	**139,655**	**118,304**
At 31 December 2018	**-**	**-**	**161,675**	**161,675**	**125,688**

7. **Cash and short-term deposits**

	2019 $'000	2018 $'000
Cash at bank and on hand	23,256	61,819
Short -term deposits	1,700	1,700
	24,956	63,519
Less: impairment provision of short-term deposit (Note 7 (b))	(1,700)	(1,700)
	23,256	**61,819**

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 $23.26 million (2018: $61.82 million).

7. **Cash and short-term deposits (continued)**

b) In 2018, the Company recovered TT$2.347 million of the investment note certificates held with Clico Investment Bank Limited (CIB) in the form as cash and shares in Republic Bank Limited and One Caribbean Media Limited. The initial investment was in the amount of US$679,790.

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 2019 as the likelihood and timing is unknown.

8. **Trade and other receivables**

	2019 $'000	2018 $'000
Trade receivables	21,088	14,147
Credit loss allowance	(15,515)	(11,877)
	5,573	2,270
VAT receivables	26,389	25,664
Other trade receivables and prepayments	899	829
Total receivables and prepayments	**32,861**	**28,763**

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

b) As at 31 December 2019, 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 underlying 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	
Lifetime expected credit loss	3	20	36	8	30	99	15,319	**15,515**
As at 31 December 2018								
Expected credit loss rate	**3.63%**	**3.41%**	**9.18%**	**16.45%**	**3.14%**	**94.98%**	-	
Estimated total gross carrying amount	735	322	351	185	1,309	12,356	-	
Lifetime expected credit loss	27	11	32	30	41	11,736	-	**11,877**

8. **Trade and other receivables (continued)**

(c) As at 31 December 2019, trade receivables at a value of $15.52 million (2018: $11.877 million) were impaired and allowance for expected credit loss recognised. 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 2018	**10,733**	**-**	**10,733**
Amount written off	-		
Amount recovered	(819)		(819)
Net remeasurement of loss allowance	1,963		1,963
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**

(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**
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	-
Four customers' accounts with balances over 120 day past due as at 31 December 2019	3,138	-
Two customer's accounts with agreed payment plans for amounts due over 120 days past due	(1,319)	-
Partial settlement by customers with gross carrying amount over 120 days past due	(85)	-
	3,638	**-**

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8. **Trade and other receivables (continued)**

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

	Increase/(decrease) in lifetime ECL	
	Not credit-impaired $'000	**Credit-impaired $'000**
2018		
Six customers' accounts with a carrying amount of $9.857 of which $7.920 million was outstanding over 120 days as at 31 December 2017	1,937	-
Four customers' account with balances over 120 day past due as at 31 December 2018	66	-
One customer's account with reduction in amount due over 120 days past due	(40)	-
Partial settlement by customers with gross carrying amount over 120 days past due	(819)	-
	1,144	**-**

e) As at 31 December 2019, the aging analysis of non-impaired trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
31-Dec-19	**5,573**	487	1,207	1,361	214	632	1,672
31-Dec-18	**2,270**	(403)	311	319	155	1,268	620

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9. **Share capital**

Authorised

An unlimited number of ordinary shares of no par value

Issued and fully paid

	2019	2018
	$'000	$'000
254,919 ordinary shares of no par value	254,919	254,919
318,212 ordinary shares at $1,000 par value	318,212	-
	573,131	**254,919**

10. **Capital contribution**

The Parent Company (NGC) has injected $318.212 million as equity for the Reconstruction of Berth 2 at LABIDCO Port. As a consequence of this injection, both NGC and PETROTRIN agreed to amend the shareholding to reflect an additional 318,212,948 shares resulting in a change in shareholdings in 2019 (see Note 1)

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:

	2019	2018
	$'000	$'000
The National Gas Company of Trinidad and Tobago Limited	**322**	**7,094**

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12. **Taxation**

a) **Taxation charge**

The major components of the taxation expense are as follows:

	2019 $'000	2018 $'000
Corporation tax: current year	(8,481)	(2,833)
Green fund levy	102	145
Business levy	205	275
Deferred taxation	4,378	6,198
Prior year tax	(210)	
	(4,006)	**3,785**
(Loss)/profit before taxation	**(21,199)**	**6,798**
Income taxes thereon at the rate of 30%	(6,360)	2,039
Non-deductible expenses	57	(767)
Permanent differences	2,200	2,093
Green fund levy	102	145
Business levy	205	275
Prior year tax	(210)	-
	(4,006)	**3,785**

b) **Deferred tax**

Significant components of the deferred tax assets and liabilities are as follows:

	2019 $'000	2018 $'000
Assets		
Accrued vacation leave	180	138
Credit loss allowance	4,659	3,568
Accrued tax losses	23,063	14,582
	27,902	**18,288**
Liabilities		
Property, plant and equipment	16,769	11,258
	11,133	**7,030**

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

	2019 $'000	2018 $'000
Movement for the year:		
Balance at 1 January	7,030	7,175
Deferred tax charge to statement of profit and loss	(4,378)	(6,198)
Current year tax losses	8,481	2,833
Deferred tax charged to retained earnings	-	3,220
Balance at 31 December	**11,133**	**7,030**

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13. **Trade and other payables**

	2019 $'000	**2018 $'000**
Trade payables	268	448
Accrued interest – Board of Inland Revenue	-	195
Accrued material/service amounts	1,912	3,508
Employee related accruals	1,014	829
Retentions	823	3,795
	4,017	**8,775**

The table below summarises trade and other payables:

	Less than 3 months $'000	**3-12 months $'000**	**Total $'000**
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**
As at 31 December 2018			
Trade creditors and accruals	4,470	3,795	8,265
Accrued vacation leave	-	460	460
Accrued audit fees	-	50	50
Total trade creditors and accruals	**4,470**	**4,305**	**8,775**

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14. **Deferred income**

	2019 $'000	2018 $'000
Operating leases – rental income (Note 14 (a))	690	413
Capital contribution-LABIDCO Access Road (Note 14 (b))	12,491	14,254
	13,181	**14,667**
Non-current	10,691	12,455
Current	2,490	2,212
	13,181	**14,667**

a) This amount relates to rental income

(b) Deferred income – LABIDCO Access Road:

	2019 $'000	2018 $'000
Balance at 1 January	14,254	15,248
Received during the year	-	776
Amount released to income	(1,763)	(1,770)
Balance at 31 December	**12,491**	**14,254**

15. **Operating expenses**

Operating expenses comprise the following:

	2019 $'000	2018 $'000
Depreciation	13,615	13,617
Stevedoring charges	3,679	3,442
Maintenance and general expenses	1,052	1,481
Equipment rental	719	538
Insurance	1,270	1,203
Security	2,843	2,843
Dredging	10,049	2,291
	33,227	**25,415**

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16. **Administrative, general and maintenance expense**

Administrative, general and maintenance services comprise the following:

	2019 $'000	2018 $'000
Depreciation	7,586	7,049
Staff costs	4,128	3,724
Management fees – related party	1,457	816
Security	284	284
Electricity	502	433
Movement in provision for bad debts	3,638	(1,421)
Other	4,687	2,764
	22,282	**13,649**

17. **Related party balances and transactions**

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).

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 year ended 31 December 2019, $0.016 million (2018: $0.016 million) was recognised as loss allowance for amount due from related party.

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17. **Related party balances and transactions (continued)**

The following table provides the total amount of material transactions, which have been entered into with related parties and the balances outstanding for the year ended 31 December 2019 and 31 December 2018.

	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 paid/shareholder's advances	2019	-	225	-	322
	2018	-	-	1,826	7,094
National Energy Corporation of Trinidad and Tobago Limited					
Management fees and reimbursements	2019	-	1,232	556	19,684
	2018	-	816	85	40,565
Petroleum Company of Trinidad and Tobago					
Lease rental and dock fees	2019	-	-	-	-
	2018	843	-	-	-
Directors					
Directors' fees and travel allowances	2019	-	202	-	-
	2018	-	174	-	-

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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:

	2019 $'000	2018 $'000
Not later than 1 year	9,895	15,038
Later than 1 year and not longer than 5 years	29,269	35,510
Later than 5 years	64,791	89,906
	103,955	**140,454**

19. **Leases (Company as a lessee)**

Right-of-lease assets

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

The Company 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.

	2019 $'000
Amount recognised in profit and loss	
Depreciation expense on right-of-use assets	85
Interest expense on lease liabilities	7

20. **Lease liabilities**

Maturity analysis:

	2019 $'000
Year 1	102
Year 2	105
Year 3	20
	227

Analysed as:

	2019 $'000
Non-current	125
Current	102
	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 policies for managing each of these risks which are summarised below.

Credit risk

The Company trades only with recognised credit worthy 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 7 (b), 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.

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21. **Financial risk management objectives and policies (continued)**

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 liabilities 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 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**
As at 31 December 2018						
Assets						
Cash and cash equivalents	61,819	-	-	-	-	61,819
Trade and other receivables	-	2,270	829	-	-	3,099
Due from related parties	-	-	1,911	-	-	1,911
Total assets	**61,819**	**2,270**	**2,740**	**-**	**-**	**66,829**
Liabilities						
Shareholders' advances	-	-	-	7,094	-	7,094
Due to related parties	-	-	40,565	-	-	40,565
Trade and other payables	-	4,470	3,795	-	-	8,265
Total liabilities	**-**	**4,470**	**44,360**	**7,094**	**-**	**55,924**
Net liquidity gap	**61,819**	**(2,200)**	**(41,620)**	**(7,094)**	**-**	**10,905**

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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 $'000s	
As at 31 December 2019				
Cash and cash equivalents	US$	2,488	TT$	13,119
Trade and other receivables	US$	3,384	TT$	22,385
Trade and other payables	US$	225	TT$	1,522
As at 31 December 2018				
Cash and cash equivalents	US$	7,623	TT$	51,687
Trade and other receivables	US$	3,409	TT$	22,297
Trade and other payables	US$	1,545	TT$	9,958
	GBP	5	TT$	65

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 2019	7%	2,673
	(7%)	(2,673)
As at 31 December 2018	7%	4,505
	(7%)	(4,505)

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 2018.

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 2019 were $ Nil (2018: $10.889 million).

25. **Events after the reporting date**

Management is currently evaluating the potential impact of the coronavirus disease 2019 (COVID-19) that occurred subsequent to year end. This disease was declared a pandemic by the World Health Organisation on March 11, 2020. 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.

The continuation of these circumstances could have a negative impact on the Company's financial condition and results.

Notes

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