READY OR NOT

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

20
ANNUAL REPORT
20

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

READY OR NOT


National Energy
CORPORATION OF TRINIDAD AND TOBAGO
NATIONAL ENERGY EXPLORER
20
ANNUAL REPORT
20

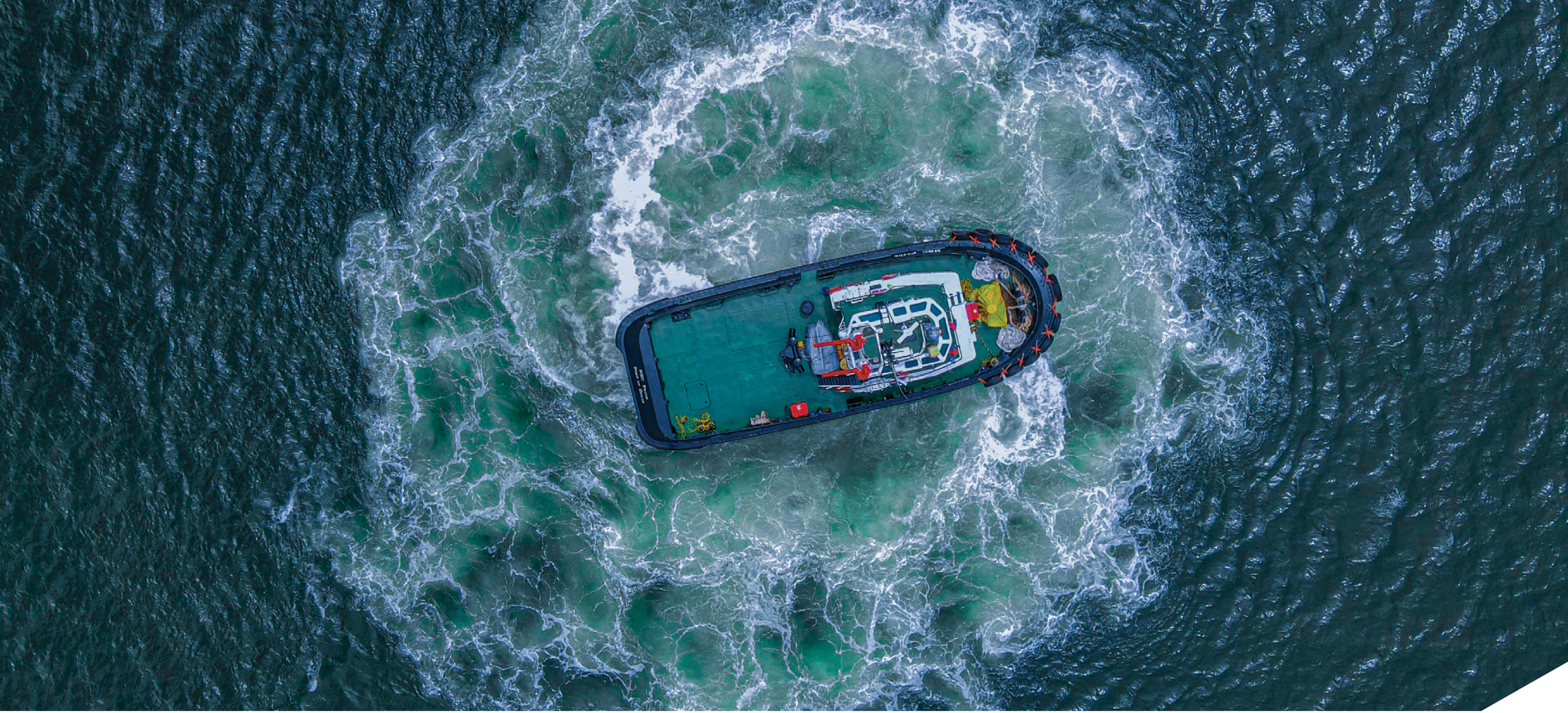

TABLE OF CONTENTS

NGC Group Vision and Mission	4
NGC Group Core Values	5
Corporate Profile	6
Chairman's Report	7
Board of Directors	11
Report of Directors	12
President's Review	16
Financial Statements	22
Statement of Management's Responsibilities	23
Independent Auditor's Report	24
Statement of Financial Position	25
Statement of Profit or Loss and Other Comprehensive Income	28
Statement of Changes in Equity	29
Statement of Cash Flows	30
Notes to the Financial Statements	31

NGC GROUP VISION

TO BE A RECOGNISED GLOBAL LEADER IN THE DEVELOPMENT OF SUSTAINABLE ENERGY-RELATED BUSINESSES.

NGC GROUP MISSION

TO CREATE EXCEPTIONAL VALUE FROM NATURAL GAS AND RELATED ENERGY BUSINESSES THROUGH OUR PEOPLE AND STRATEGIC PARTNERSHIPS.

NGC GROUP CORE VALUES

SAFETY AND ENVIRONMENTAL PRESERVATION

INTEGRITY

EMPLOYEE ENGAGEMENT

EXCELLENCE

TRANSPARENCY

CUSTOMER FOCUS

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE PROFILE

National Energy is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC) and, for more than 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 mandate 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 in the areas of:

- 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

CHAIRMAN'S REPORT

Conrad Enill

IN 2020, THE COVID-19 PANDEMIC AFFECTED US ALL ON THE DEEPEST OF LEVELS. READY OR NOT, THE WORLD AS WE KNOW IT WAS RAPIDLY CHANGING TO ADAPT TO A CRISIS NO ONE COULD PREDICT. NOTWITHSTANDING THE DRAMATIC CHANGES TO THE GLOBAL ECONOMY, NATIONAL ENERGY CONTINUED TO LEVERAGE ITS EXPERTISE FOR THE BENEFIT OF ALL CITIZENS.

Always mindful of its mandate, the Company continued to advance its Strategic Plan with a principal focus on transforming the organisation to meet the new demands of the sector. This was done while simultaneously expanding our operations to take advantage of the niche within the regional market. Our regional thrust was advanced in 2020 following the registration of a wholly owned subsidiary in Guyana and the establishment of an operating office in Georgetown.

This operating year, National Energy delivered another strong financial performance, making this our eighth consecutive year of profitability. The Company recorded an after-tax profit of TT$59.0 million and revenues of TT$308.5 million. This performance was achieved despite the plunge in business activity within the sector, brought on by the pandemic. While this 'once-in-a-century' pandemic posed unique challenges to the business, the Company approached the situation with a lens of opportunity that allowed us to test our business continuity plan, bolster our Health, Safety, Security and Environment (HSSE) capabilities, innovate our business processes and most importantly, safeguard our human capital.

Health, Safety, Security and Environment (HSSE)
For the year 2020, we dare not discuss HSSE without acknowledging the stellar efforts of The NGC Group's Business Continuity Planning (BCP) Team. The BCP Team established rigorous protocols to secure the business' and employees' well-being, long before Trinidad and Tobago recorded its first case of COVID-19. National Energy's successes in this regard were recognised by The American Chamber of Commerce of Trinidad and Tobago (AMCHAM T&T) with two prestigious awards during its annual HSSE conference. In the energy and manufacturing sectors, National Energy received both the 'BCP Planning and Surviving the Pandemic' Award and the 'Most Outstanding Occupational Safety and Health/Environmental Project' for the small-medium category. These accolades are testament to the outstanding work we continue to deliver within the sector. As it relates to our operations, the Company also implemented several other safety initiatives to ensure our revenue-generating assets remained available during the pandemic.

Process Innovation
With a commitment to re-engineering our processes for the future, National Energy embarked on several technological improvements geared towards improving process efficiency. One such project was a fully digital solution for business development in the energy-based sector, the ttEngage Investor Platform. This portal went 'live' in January 2020 and is the first platform of its kind for the energy sector, and functions as an enabler for investors and other relevant agencies to navigate Trinidad and Tobago's business landscape. The digital platform copped the People's Choice Award in the Innovation category of the Inter-American Development Bank's (IDB's) President's Awards for Service Excellence and Innovation in the Public Sector 2020.

CHAIRMAN'S REPORT (CONTINUED)

Another high-stake project was the SAP C/4 HANA initiative. Launched in 2019, the implementation phase continued in 2020. This system, once fully implemented, will provide full visibility, planning, automation and control of processes and schedules for our commercial assets, and offer an enhanced customer experience from booking to billing, thereby improving overall operational efficiency.

As we move forward, process improvement and innovation, through technology, will be embedded in our thinking and systems, as we seek to extract maximum value throughout all our business segments.

Outlook

National Energy remains cognisant of the fact that to grow our business, we need to pursue new areas to offer our services and embrace the emergent sustainable energy future. To this end, the Company endeavoured to cement its sustainable energy strategy by securing funding from the IDB to support feasibility work geared towards understanding the economic parameters of producing green hydrogen locally. The findings of this study will provide a path to a greener energy sector.

On the regional front, our Guyana office will continue to act as the conduit for positioning and marketing The NGC Group's services throughout the Guyana-Suriname basin. Guyana has revealed a dynamic developmental agenda as the country transitions to becoming an oil and gas-based economy. This development is strongly aligned to the experience, expertise and suite of services that reside within the Group.

Another positioning strategy that will bear fruit for National Energy was the deliberate decision to appoint a General Manager for the La Brea Industrial Development Company Limited (LABIDCO). LABIDCO plays a unique role in providing industrial land, port, logistics, and bio-remediation services, all at competitive prices for the La Brea Industrial Estate. It is envisioned that this strategic move will strengthen the Company's governance structure to better achieve its mandate.

As National Energy and The NGC Group look beyond the pandemic, we are embracing the opportunity to reimagine work, the workforce, and the workplace to determine what are the optimal scenarios that would ensure maximum return to the organisations. This review may lead to fundamental changes in how we operate and how we resource our activities to meet our mandate and deliver on our vision and mission in an increasingly competitive environment.

Appreciation

Through it all, I want to acknowledge the contributions of National Energy's employees. Regarded as the cornerstone of our organisation, our employees continue to go beyond the call of duty to ensure our operations' sustainability and profitability. On behalf of the Board of Directors of National Energy, I take this opportunity to say a sincere thank you to these remarkable people, for their unwavering commitment and assure each employee that their efforts have not been overlooked. I am quite confident that together, along with other key stakeholders, we can chart the way forward, with a sustained sense of purpose and drive, for the next chapter in our story.

Conrad Enill
Chairman

One of National Energy’s vessels in motion

BOARD OF DIRECTORS

Conrad Enill, Chairman

Kenneth Allum

Sean Balkissoon

Sandra Fraser

Wade Hamilton

Dan Martineau

Arnold De Four

Howard Dottin

Curtis Mohammed

Marcus Ganness
Resigned with effect
31.12.2020

Camille Blackman, Company Secretary

REPORT OF DIRECTORS

YEAR ENDED DECEMBER 31, 2020

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

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 deepwater 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; and

vii) Managing the environment sustainably.

National Energy, having successfully completed various elements of its mandate, continued to focus on the above items during 2020.

2. FINANCIAL RESULTS

The financial results for the period are summarised as follows:

	2020 TT$'000	2019 TT$'000
Profit before Tax	94,751	138,063
Taxation	(35,777)	(49,939)
Net Profit	58,974	88,124
Retained Earnings - At Beginning of Year	694,076	616,633
Dividends paid	--	--
Other comprehensive income	--	(10,681)
Profit for the year	58,974	88,124
Retained Earnings - At End of Year	753,050	694,076

In 2020, National Energy's total revenue decreased by 14.2% to TT$308.46M from the 2019 amount of TT$359.34M. This resulted mainly from reduced operating revenue from the impact of the COVID-19 pandemic on all revenue streams.

Expenses for 2020 totalled TT$231.9M (2019: TT$229.70M), an increase of 1%. This resulted primarily from higher vessel operating costs.

National Energy recorded a profit before tax of TT$94.75M in 2020 as compared to TT$138.06M for 2019. The decline in performance was as a result of lower operating revenue due to the negative impact of COVID-19 on the global economic environment. Profit after tax of TT$58.97M was 33.1% lower than the profit of TT$88.12M recorded for 2019.

3. DIRECTORS

During the year 2020, the Board of Directors comprised Messrs. Conrad Enill (Chairman), Kenneth Allum, Sean Balkissoon, Arnold de Four, Howard Dottin, Marcus Ganness, Wade Hamilton, Dan Martineau, and Curtis Mohammed and Ms. Sandra Fraser. Messrs. Mohammed and Dottin were appointed to the Board on January 30, 2020 and April 02, 2020 respectively. Mr. Marcus Ganness resigned from the Board on December 31, 2020.

4. SIGNIFICANT EVENTS

Investment Facilitation

Energy Efficiency

- Further development of the Super Energy Services Company (Super ESCO) progressed with the engagement of external financing agencies and consultants to assist in the appropriate structuring of the facility.

ttEngage Online Platform

- On January 27, 2020 National Energy publicly launched its' ttEngage investor platform. This platform provides potential investors with the ability to submit project ideas, access pertinent information and be guided through the project approval process in real time, from anywhere in the world. The initiative allows state agency stakeholders to work together to advance project development and investment facilitation to enhance the investor experience in the downstream energy sector of Trinidad and Tobago.
  - In 2020, the ttEngage platform received two awards namely:
    1) AMCHAM HSSE Awards - Most Outstanding OSH/Environmental Project in the small-medium category.
    2) IDB President's Award - People's Choice Winner for Innovation

Solar PV Power Generation

- A Memorandum of Understanding (MOU) was executed among Lightsource Renewable Global Development Limited, Shell Trinidad and Tobago Limited, BP Alternative Energy Trinidad and Tobago Limited, and National Energy Corporation of Trinidad and Tobago Limited for a proposed National Energy Equity Investment of up to 30% in a Utility Scale Solar PV Power Generation project.

Alternative Marine Fuel

- Advisian Worley Group completed the Market Study for the Development of Alternate Fuel Supply Infrastructure.

NGC CNG Preysal Service Station Solar System

- A contract was executed on March 16, 2020 for the Design, Procurement, Supply, Delivery, Installation and Commissioning of a 100kW solar PV rooftop system at Preysal CNG Service Station. Due to the impact of the COVID-19 pandemic, at the end of 2020, the project was 64% completed.

Hydrogen

- National Energy secured a US$363,817 facility from the IDB for Trinidad and Tobago and Uruguay through a technical co-operation agreement. This facility supports feasibility work and contributes to understanding the economic parameters of producing green hydrogen locally.

- Registration of NewGen Energy's pivotal carbon-neutral hydrogen production facility was submitted and facilitated on the ttEngage platform.

REPORT OF DIRECTORS (CONTINUED)
YEAR ENDED
DECEMBER 31, 2020

Infrastructure Development

- Completed the implementation of the Solar Light Emitting Diodes (LEDs) and Associated Infrastructure at the New West Park Recreational Savannah on June 17, 2020.
- International Finance Corporation (IFC) completed a preliminary assessment (Phase 0) for the Expansion of the Port of Brighton. IFC's Final Business Case was submitted to National Energy August 06, 2020.
- Cadastral field surveys completed for 120ha at Point Lisas South Industrial Estate. Certificate of Environmental Clearance (CEC) and Town and Country Planning approval for 120 ha at Point Lisas South submitted to Commissioner of State Lands (COSL) to facilitate acquisition of a survey order.
- CEC and Town and Country Planning approval for 214ha at Point Lisas North Industrial Estate submitted to COSL to facilitate acquisition of a survey order.
- Completed design, build and installation of two (2) trestles at Savonetta Pier 3 on March 26, 2020.
- Advanced the Union Industrial Estate Water & Fire Water Reticulation project.
- Approved survey plans for the seabed lease for Port of Galeota was issued to the Commissioner of State Lands in July 2020.

Commercial Activity

Towage and Harbour Operations

- As at December 31, 2020 revenue from the fleet of marine vessels was $86.99M, 0.26% above the revised budgeted amount of $86.76M and represented a 28.49% contribution to the overall Commercial Division revenue. The revised budget was prudent due to the impact of COVID-19 on operations.
- Total Harbour revenue for the period ending December 31, 2020 was $34.42M. Harbour Revenue was higher than forecasted figures yielding a positive variance of 2.08% over the budgeted amount of $33.72M.

Savonetta Piers and ISCOTT Dock

- Savonetta Piers surpassed the revised revenue target of $137.35M by 1.26% achieving $139.08M at year end 2020. This contributed 45.54% to overall Commercial Division revenue.
- In 2020, National Energy handled a total of 2,337 vessel calls of which 469 were at the Savonetta Piers facilitating a total of 13.08 million metric tonnes of petrochemical commodities handled. This represented a 15.95% decrease in vessel calls to the area when compared to 2019. The lower levels of activity were primarily a combination of plant closures and production cutbacks by the Point Lisas petrochemical plants driven by COVID-19 and the resulting impact of depressed commodity prices.
- ISCOTT Dock was under the revenue target of $4.6M by 2.17% achieving $4.5M. This represented a 1.47% contribution to the overall Commercial Division revenue.
- A total of 23 vessel calls to ISCOTT Dock materialised, facilitating total exports of 162,147.560 metric tonnes of cargo handled.

Port of Galeota

- As at December 31, 2020, Port of Galeota revenue was $13.93M which was 6.17% above the revised budgeted figure of $13.12M. This was 4.29% contribution to overall Commercial Division revenue.

- Passenger transfers increased by 10.86% from 571 in 2019 to 633 in 2020. This was as a result of increased activity by Trinity Exploration and Production Limited during the year.

Port of Brighton – Berth 3

- As at December 31, 2020 Port of Brighton revenue was $10.70M, 10.61% under the revised budgeted amount of $11.97M. This contributed 3.50% to overall Commercial Division revenue.

- Total Vessel Calls amounted to 109 which was 71.07% lower than 2019 vessel calls of 376.

Union Industrial Estate (UIE)

- As at December 31, 2020 UIE revenue was $15.71M, 0.51% less than budgeted revenue figures of $15.79M. This represented a 5.14% contribution to overall Commercial Division revenue.

Guyana Initiatives

- Operationalised Office in Guyana with assignment of staff.

- Executed Memorandum of Understanding (MOU) between National Energy and The University of the West Indies (THe UWI) for MSc Petroleum Engineering Students of University of Guyana to participate in a study tour of the NGC Group. The first instalment of the online internship programme was successfully executed in 2020.

- Developed and completed Marketing Brochure for the NGC Group.

- Preliminary assessments of potential business opportunities were completed.

- Completed Investment Model/Framework.

- Registered with the Centre for Local Business Development in Guyana.

AUDITORS

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

Dated this 27th day of May 2021
By ORDER OF THE BOARD

Camille Blackman
Company Secretary

PRESIDENT'S REVIEW

Dr. Vernon Paltoo

NATIONAL ENERGY IS AT A TURNING POINT IN ITS HISTORY. IN ADDITION TO OUR MANDATE, WE HAVE BROADENED OUR APPROACH TO ENABLE THE STRATEGIC POSITIONING OF TRINIDAD AND TOBAGO'S ENERGY MODEL IN THE SUSTAINABLE ENERGY ARENA AND THE CARIBBEAN MARKET.

The year 2020 brought some harsh realities due to the COVID-19 pandemic; thus, our operations' sustainability was a focal area for this reporting cycle. With that being said, as we reflect on what was 2020, it gives me great pleasure to report that, notwithstanding the adversities faced locally and globally, the Company remained steadfast in its approach to efficiency and delivery.

Financial Performance
Despite the precipitous decline in business worldwide due to the pandemic, National Energy recorded a profit for its eighth consecutive year. The Company's after-tax profit for 2020 was TT$59.0 million, representing a decrease of 33.1% over the corresponding 2019 period. These still strong results were the outcome of deliberate efforts by the Company to ensure continuity of operations with a keen focus on safety and efficiency. Overall, our 2020 performance translated into tangible benefits for our stakeholders.

Operations
The towage segment of our business remained a strong contributor to the Company's performance in 2020. Locally, our fleet of tugs continued its traditional service to the maritime industry and was engaged in

PRESIDENT'S REVIEW (CONTINUED)

several value-added activities with sister company, LABIDCO, providing towage support to the following operations:

- The successful load-out of an offshore platform jacket at LABIDCO's Berth 2, Port of Brighton
- The safe export of the first methanol shipment produced by a major petrochemical producer at the Company's Union Industrial Estate facility.

Regionally, our offshore support vessel, the *National Energy Explorer,* was successful in its bid to provide short-term offshore support services in Suriname, thereby enhancing the footprint for the Company in the South America jurisdiction. The service included crew and cargo transportation from Chaguaramas to Suriname, for Petronas' now successful offshore exploration operations. During the 2020 period, as a mitigation measure against exposure to the virus, the *National Energy Explorer* was also used as accommodation - a 'floatel', enabling crews to cocoon within the port area safely.

Throughout the year, all operations were conducted in a safe and steadfast manner, with minimal vessel delays.

Health, Safety, Security and Environment (HSSE)
At National Energy, the safety of our staff and assets has always been our top priority. In 2020, the Business Continuity Planning (BCP) Teams instituted several initiatives to bolster safety measures aligned to the Public Health Regulations. These initiatives included the introduction of Health Declaration forms to fulfil office and port access requirements, the implementation of sanitisation protocols, thermal screening at points of entry, and retrofitting of infrastructure to limit physical interaction. Implementation of these measures was the cornerstone for the vessels and port activities remaining fully operational throughout the pandemic. Our endeavours in safety were not overlooked as National Energy, via its BCP team, received recognition from AMCHAM T&T for its thoughtful approach and

Sneeze guard installed at the reception area at National Energy's Head Office

Sanitisation station at National Energy's Administrative Office

ttEngage project team at the 'ttEngage Goes Live' event

decisions in manoeuvring its operations during the pandemic.

Sustainable Energy Development

In 2020, there was a continued focus on Renewable Energy (RE) and Energy Efficiency (EE). The Company made significant strides as it formalised its Sustainable Energy Strategy – a strategy geared towards propelling Trinidad and Tobago's energy sector into a green and low carbon future.

In support of this strategy, National Energy signed a MOU with Lightsource Renewable Global Development Limited, Shell Trinidad and Tobago Limited, and BP Alternative Energy Trinidad and Tobago Limited for a proposed National Energy equity investment in utility-scale solar PV power generation. This is the first project of this magnitude in Trinidad and Tobago and is aligned to National Energy's history of early involvement in pioneering energy and energy-related projects in the country.

The Company also secured funding from the IDB for Trinidad and Tobago and Uruguay under a Technical Co-operation Agreement. Since National Energy is the focal agency for the study, the funds will be used to support feasibility work and contribute to understanding the economic parameters required for developing and producing green hydrogen locally.

National Energy's traditional and sustainable energy undertakings are underpinned by its industry-specific ttEngage investor platform. The platform is a real-time application that enables potential investors to submit project proposals and access pertinent local information from anywhere in the world to inform their decision making. Our unique ttEngage platform also facilitates collaboration between state agency stakeholders to enhance the investor experience in all segments of the energy landscape.

Digitisation/Business Transformation

2020 will go down in the history books as an epoch of heightened technological evolution. As with most companies worldwide, National Energy was propelled to activate Work from Home (WFH) arrangements, where the Company's Information and Communication Technology strategy took centre stage.

PRESIDENT'S REVIEW (CONTINUED)

The Company successfully delivered agile work solutions that fostered greater operational efficiency and enabled remote working arrangements. These work solutions included:

- Installation of a CCTV/Access Control System – to facilitate remote viewing of all systems and activities and secure access to the facilities at Savonetta Piers.
- Implementation of Network and Bandwidth Monitoring Systems – to allow for a 360° view of National Energy's network and activities and enable remote access to company devices.
- IAM Project – a front-end interface for the Electronic Document Management System to ensure greater accessibility and management of information.
- SAP C/4 HANA Project – a digital booking to billing platform to improve overall operational efficiency and enhance the customer experience in our port and towage operations. Phase 1 of the project targeted automation and digitisation of the towage booking to billing process with the implementation of Field Services Management (FSM). Although the pandemic severely impacted the project timeline, in 2020, the project team conducted extensive works in relation to the configuration, testing, and training of key personnel.
- National Energy's fleet of vessels – apart from *NEC Pride* and *NEC Voyager*, the vessels were outfitted with tablet devices as digitised operational record forms were introduced for use by Captains for e-ops assignments as facilitated through the C/4 Hana platform.

Employee Welfare

In 2020, the world of work made a complete paradigm shift. Hybrid work models had taken effect, and traditional office arrangements were now a thing of the not-too-distant past. The Company's Human Resources and Corporate Communication (HR&CC) Department was instrumental in facilitating the unplanned change in employer-employee relations. The Department took a leading role as it was now forced to preserve company culture while maintaining employee engagement, all through virtual means. The HR&CC team worked collaboratively with other key functional areas, such as HSSE, ICT, and Facilities, to implement business continuity measures to ensure essential and non-essential employees adapted to the new way of working.

In keeping with good HR governance, the HR&CC Department ensured that critical and timely communication of new policies and procedures were issued to employees. The emphasis on employees' well-being and 'being human' remained at the fore, with the Department providing ongoing support through the following avenues:

- Employee Assistance Programme (EAP)
- Self-care check-in
- Skill specific online training
- Leadership Development
- Virtual recruitment
- Virtual all-staff meetings
- Virtual cultural celebrations
- Virtual Reward and Recognition programme

By demonstrating empathy, teamwork, and a commitment to excellence, the Company continued with minimal disruptions to operations, while adhering to strict health and safety protocols. As we continue to deal with uncertainties caused by the pandemic, the Company remains ready to support employees in navigating the challenges ahead.

National Contribution

With a holistic corporate social responsibility (CSR) programme closely aligned to our fenceline communities' needs, National Energy remains active in positively shaping the future of the areas in which it operates. Built on the pillars of Education, Youth Development, Sports, Culture, Capacity Building, and the Environment, the Company has come to boast a resilient CSR Programme over its 40+ years of operations.

Blankets donated to the Ministry of Health for COVID-19 patients at the Couva Hospital and Multi-Training Facility

In 2020, ever mindful of the challenges faced by the fenceline communities because of the pandemic, National Energy enthusiastically targeted critical areas to lend support, for example:

- Partnership with the Ministry of Health to provide blankets to COVID-19 patients at the Couva Hospital and Multi-Training Facility to assist with temperature control.
- Distribution of hampers to the Mayaro and Guayaguayare communities
- Distribution of food vouchers by our fellow staff members.

National Energy has sponsored the highly anticipated La Brea Zone Primary School Games for more than a decade. In 2020, the Company took this sponsorship a step further and partnered with World Champion and multiple Olympic medallist, Ato Boldon and Trinidad Offshore Fabricators Unlimited (TOFCO), to provide athletic spikes to developing athletes in the La Brea zone.

Outlook

The year 2020 showed National Energy to be "more ready ... than not" since the Company remained resolute in supporting The NGC Group's vision. Although there were setbacks caused by the pandemic, our stakeholders, including our dedicated employee body, ensured that we remained on track to successfully achieve our key business deliverables. Our successes in this regard did not occur by chance but rather through hard work, commitment, and a keen willingness to adapt to a situation in which we had no control. We have all learnt a valuable lesson for 2020 – that we cannot predict the future.

Notwithstanding, we will remain focused on our mandate and approach 2021 with a shared vision and reinforced knowledge that together, National Energy will succeed in facilitating the creation of a sustainable energy future for Trinidad and Tobago.

Dr. Vernon Paltoo
President

FINANCIAL STATEMENTS

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 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

President	Vice President
31 May 2021	31 May 2021

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 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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 IFRS, 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholder of National Energy Corporation of Trinidad and Tobago Limited

Auditors' Responsibilities for the Audit of the Financial Statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

Deloitte & Touche

Deloitte & Touche
31 May 2021

STATEMENT OF FINANCIAL POSITION

(Expressed in Trinidad and Tobago dollars)

	Notes	As at 31 December 2020 $'000	2019 $'000
Assets			
Non-current assets			
Property, plant and equipment	5	363,439	384,640
Investment property	6	404,708	410,701
Right of use	21	5,415	7,344
Deferred taxation asset	7(b)	5,730	5,221
Investments	8(b)	6,365	-
		785,657	**807,906**
Current assets			
Cash and short-term deposits	8(a)	54,457	79,446
Investments	8(b)	235,401	241,749
Trade and other receivables	9	92,903	89,208
Due from related parties	18	21,746	19,707
Taxation recoverable		33,482	16,891
		437,989	**447,001**
Total assets		**1,223,646**	**1,254,907**

STATEMENT OF FINANCIAL POSITION
(CONT'D)

(Expressed in Trinidad and Tobago dollars)

	Notes	As at 31 December 2020 $'000	2019 $'000
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	10	103,427	103,427
Capital contribution by NGC	11	43,325	43,325
Retained earnings		753,050	694,076
Total shareholder's equity		899,802	840,828
Non-current liabilities			
Long-term debt	12	18,951	113,896
Deferred income	14	63,084	64,052
Lease liabilities	21	3,641	5,579
Deferred taxation liability	7(b)	65,634	63,702
Total non-current liabilities		151,310	247,229
Current liabilities			
Trade and other payables	13	47,734	71,217
Deferred income	14	38,113	39,857
Due to parent company	18	12,665	2,337
Due to related parties	18	17,337	527
Taxation payable		6,551	2,840
Lease liabilities	21	1,939	1,877
Current portion of long-term debt	12	48,195	48,195
Total current liabilities		172,534	166,850
Total liabilities		323,844	414,079
Total shareholder's equity and liabilities		**1,223,646**	**1,254,907**

The accompanying notes on pages 34 to 72 form an integral part of these financial statements.

The financial statements of National Energy Corporation of Trinidad and Tobago Limited were authorised for issue by the Board of Directors on 31 May 2021.

Director

Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2020 $'000	2019 $'000
Revenue	15	308,464	359,338
Operating costs	17(a)	(152,933)	(146,101)
Operating profit		155,531	213,237
Other income	16	698	1,647
Interest income		4,345	6,778
Loss on foreign exchange transaction		(133)	(326)
Administrative and general expenses	17(b)	(68,382)	(68,482)
Reversal of impairment losses	6	13,114	-
Finance costs	17 (c)	(10,422)	(14,791)
Profit before taxation		94,751	138,063
Income tax expense	7 (a)	(35,777)	(49,939)
Profit after tax		**58,974**	**88,124**

The accompanying notes on pages 34 to 72 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
(Expressed in Trinidad and Tobago dollars)

	Stated capital $'000	Capital contributions $'000	Retained earnings $'000	Total equity $'000
Year ended 31 December 2019				
Balance at 1 January 2019	103,427	43,325	616,633	763,385
Profit after tax	-	-	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**
Year ended 31 December 2020				
Balance at 1 January 2020	103,427	43,325	694,076	840,828
Profit after tax	-	-	58,974	58,974
Balance at 31 December 2020	**103,427**	**43,325**	**753,050**	**899,802**

The accompanying notes on pages 34 to 72 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2020 $'000	2019 $'000
Cash flows from operating activities			
Net income for the period before taxation		94,751	138,063
Adjustments for:			
Depreciation of property,plant and equipment		40,140	38,960
Depreciation of investment properties		20,464	22,595
Depreciation of right-of-use assets		1,929	1,715
Reversal of impairment losses		(13,114)	-
Finance costs		10,422	14,791
Loss on disposal of fixed assset		2,024	2,126
Interest income		(4,345)	(6,778)
Amortisation of deferred income		(3,118)	(5,268)
Operating profit before working capital changes		149,153	206,204
(Increase)/decrease in trade and other receivables and due from related parties and parent company		(7,511)	17,071
Increase in deferred income		406	22,085
(Decrease)/increase in trade and other payables and due to related parties and parent company		(12,531)	16,231
Cash generated from operating activities		**129,517**	**261,591**
Taxation paid		(30,665)	(56,822)
Interest paid		(7,545)	(11,007)
Interest received		6,122	5,799
Net cash generated from operating activities		**97,429**	**199,561**
Cash flows from investing activities			
Purchase of property, plant and equipment		(20,971)	(35,131)
Additions to investment property		(1,357)	(8,354)
Net increase in investments		(17)	(52,467)
Proceeds from disposal of property, plant and equipment		-	18
Net cash used in investing activities		**(22,345)**	**(95,934)**
Cash flows from financing activities			
Lease repayment		(1,877)	(1,604)
Repayment of loans		(98,196)	(75,196)
Net cash used in financing activities		**(100,073)**	**(76,800)**
Net (decrease)/increase in cash and short-term deposits		**(24,989)**	**26,827**
Cash and cash equivalents at beginning of year		79,446	52,619
Cash and short-term deposits at end of year	**8 (c)**	**54,457**	**79,446**

The accompanying notes on pages 34 to 72 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 the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

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

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

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

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

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)**

Initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16 (continued)

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

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

Amendments to References to the Conceptual Framework in IFRS Standards

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

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

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

Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting
- Reinstating prudence as a component of neutrality
- Defining a reporting entity, which may be a legal entity, or a portion of an entity
- Revising the definitions of an asset and a liability
- Removing the probability threshold for recognition and adding guidance on derecognition
- Adding guidance on different measurement basis, and
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

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

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 3 Definition of a business

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

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

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

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

Amendments to IAS 1 and IAS 8 Definition of material

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

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

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

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

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

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

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

- **IFRS 17 Insurance Contracts**

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

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

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

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

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

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

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

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

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

     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 Board; however, earlier application of the amendments is permitted.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

  The Annual Improvements include amendments to four Standards.

  IFRS 1 First-time Adoption of International Financial Reporting Standards

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

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

  IFRS 9 Financial Instruments

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

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

  IFRS 16 Leases

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

  IAS 41 Agriculture

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

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

3. **Summary of significant accounting policies**

Basis of preparation

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 short term deposits

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. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of the initial transactions.

g) Borrowing costs

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

h) Payables and accruals

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

i) Financial assets and liabilities

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

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

i. Financial assets

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

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

The classification is determined by both:

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

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

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

i) Financial assets and liabilities (continued)

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

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

ii. Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

This category includes non-derivative financial assets like loans, investments 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.

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

i) Financial assets and liabilities (continued)

ii. Subsequent measurement of financial assets (continued)

Reclassification

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

Impairment of financial assets

Instruments within the scope of the impairment requirements include 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 broad 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 the 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.

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.

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.

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 investment's 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

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

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

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

viii. Financial liabilities and equity instruments

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

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

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

ix. Other financial liabilities

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

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

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

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

i) Financial assets and liabilities (continued)

x. Derecognition of other financial liabilities

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

j) Impairment of non-financial assets

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

k) Revenue recognition

Revenue is recognised 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.

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

k) Revenue recognition (continued)

Management fees

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

Interest income

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

l) 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 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.

m) 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.

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

n) 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.

o) 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 cognisance 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.

Expected credit losses

The Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

5. **Property, plant and equipment**

	Marine Infra-structure assets $'000	Machine equipment $'000	Development cost $'000	Leasehold property $'000	Other assets $'000	Capital work in progress $'000	Total $'000
Cost							
Balance at 1 January 2019	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**
Additions	16,859	2,571	65	-	1,551	2,705	23,751
Adjustments	-	-	-	-	-	(2,780)	(2,780)
Transfers	12,573	-	-	-	-	(12,573)	-
Disposals	(26,361)	(61)	-	-	(12)	-	(26,434)
Balance at 31 December 2020	**810,437**	**22,365**	**2,627**	**20,986**	**13,455**	**4,911**	**874,781**
Accumulated depreciation							
Balance at 1 January 2019	(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)**
Depreciation charge	(36,580)	(2,112)	(78)	(453)	(917)	-	(40,140)
Disposals	24,357	43	-	-	2	-	24,402
Balance at 31 December 2020	**(476,850)**	**(15,392)**	**(2,379)**	**(6,086)**	**(10,635)**	**-**	**(511,342)**
Net book value							
At 31 December 2019	**342,739**	**6,532**	**261**	**15,353**	**2,196**	**17,559**	**384,640**
At 31 December 2020	**333,587**	**6,973**	**248**	**14,900**	**2,820**	**4,911**	**363,439**

6. Investment properties

	Buildings $'000	Development cost $'000	Capital work in progress $'000	Total $'000
Cost				
Balance at 1 January 2019	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**
Additions	-	345	1,012	1,357
Balance at 31 December 2020	**600,539**	**483,600**	**7,050**	**1,091,189**
Accumulated depreciation				
Balance at 1 January 2019	(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)**
Depreciation charge	(4,046)	(16,418)	-	(20,464)
Balance at 31 December 2020	**(39,781)**	**(193,743)**	**-**	**(233,524)**
Accumulated impairment				
Balance at 1 January 2019	(466,071)	-	-	(466,071)
Balance at 31 December 2019	(466,071)	-	-	(466,071)
Impairment reversal	13,114	-	-	13,114
Balance at 31 December 2020	**(452,957)**	**-**	**-**	**(452,957)**
Net book value				
At 31 December 2019	**98,733**	**305,930**	**6,038**	**410,701**
At 31 December 2020	**107,801**	**289,857**	**7,050**	**404,708**

Amounts recognised in statement of profit or loss

	2020 $'000	2019 $'000
Rental income from investment properties	15,737	16,793
Direct operating expenses	2,602	1,776

6. **Investment properties (continued)**

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 2020	-	-	267,586	267,586	244,463
At 31 December 2019	-	-	530,357	530,357	244,428

The fair value has been determined based on a net present value calculation using cash flow projections from lease agreements and the Board approved business development, at a discount rate of 8.810% (2019: 5.602%).

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 2020	-	-	82,400	82,400	82,400
At 31 December 2019	-	-	79,008	79,008	72,680

The fair value measurements of the Brighton Materials Storage and Handling Warehouse facility as at 31 December 2020 were performed by Prince and Associates, independent valuers not related to the Company. Prince and Associates are members of the Royal Institute of Chartered Surveyors (RICS) and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards. The fair value of the facility was determined using the cost approach that reflects the current replacement/ reproduction cost of the building structure of comparable utility and age, adjusted for obsolescence.

In 2019, a similar exercise was conducted with the use of an independent insurance valuation report based on replacement cost.

As a result of this valuation, an impairment reversal of $13.114 million (2019: Nil) was recognised by Management for income year 2020 on its investment properties in the statement of profit or loss.

7. Taxation

a) Taxation charge

	2020 $'000	2019 $'000
The major components of the taxation expense are as follows:		
Corporation tax: current year	33,436	51,483
Corporation tax: prior year	(33)	(108)
Green fund levy	951	1,113
Deferred taxation expense (Note 7(b))	1,423	(2,549)
	35,777	**49,939**

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:

	2020 $'000	2019 $'000
Profit before taxation	**94,751**	**138,063**
Income taxes thereon at the rate of 30%	28,425	41,419
Non-deductible expenses	1,035	1,451
Permanent differences	5,399	6,064
Green fund levy	951	1,113
Prior year taxes	(33)	(108)
	35,777	**49,939**

b) Deferred tax

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

	2020 $'000	2019 $'000
Assets		
Accrued vacation leave	2,295	2,035
Credit loss allowance	3,344	2,982
Accrued interest payable	91	204
	5,730	**5,221**
Liabilities		
Long-lived assets	**65,634**	**63,702**
Movement for the year:		
Balance at 1 January	58,481	61,030
Deferred tax charge to statement of profit and loss	1,423	(2,549)
Balance at 31 December	**59,904**	**58,481**

8. **Cash and short-term deposits and investments**

a) Cash and short-term deposits

	2020 $'000	2019 $'000
Cash at bank and on hand	54,457	79,446
	54,457	**79,446**

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 $54.457 million (2019: $79.446 million).

b) Investments

	2020 $'000	2019 $'000
Investments	241,766	241,749
	241,766	**241,749**
Investment held with Clico Investment Bank	5,530	5,530
Less: Impairment provision of short-term deposit	(5,530)	(5,530)
	241,766	**241,749**
Disclosed as:		
Non-current assets	6,365	-
Current assets	235,401	241,749
	241,766	**241,749**

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

In 2020, the Company recovered TT$6.365 million from the Government of the Republic of Trinidad and Tobago as a 3 year 3.30% fixed rate bond 2020-2023. Interest of 3.30% is payable semi-annually with the principal payment at maturity.

In 2018, the Company recovered TT$9.015 million of the investment note certificates held with Clico Investment Bank Limited (CIB) in the form of 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 2020 as the likelihood and timing is unknown.

9. Trade and other receivables

	2020 $'000	2019 $'000
Trade receivables - third parties	73,011	60,180
Provision for doubtful debts (Note 9b)	(11,145)	(9,941)
	61,866	50,239
Other receivables:		
Value Added Tax recoverable	8,280	13,994
Prepaid expenses	2,406	2,049
Insurance prepayment	4,283	2,979
Interest receivable	1,583	3,360
Other	14,485	16,587
Total receivables and prepayments	**92,903**	**89,208**

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

(b) As at 31 December 2020, the risk profile of trade receivables based on the Company provisional matrix was 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**
2020								
Expected credit loss rate	**0.60%**	**1.60%**	**2.60%**	**3.60%**	**4.60%**	**5.60%**	**100.00%**	
Estimated total gross carrying amount	23,414	28,475	2,095	2,852	915	5,202	10,058	**73,011**
Lifetime expected credit loss	140	456	54	103	42	292	10,058	**11,145**
Estimated total net carrying amount	**23,274**	**28,019**	**2,041**	**2,749**	**873**	**4,910**	**-**	**61,866**
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**

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

(c) As at 31 December 2020, and 31 December 2019, amounts due from the Government of Trinidad and Tobago were as follows:

	2020 $'000	**2019 $'000**
Gross carrying amount	92,191	92,191
Credit loss allowance	(92,191)	(92,191)
Net carrying amount	-	-

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

d) As at 31 December 2020, trade and other receivables had an expected credit loss of $103.336 million (2019: $102.132 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 2019	**7,706**	**81,510**	**89,216**
Amount recovered	(300)	-	(300)
Net remeasurement of loss allowance	2,535	10,681	13,216
Balance as at 31 December 2019	**9,941**	**92,191**	**102,132**
Balance as at 1 January 2020	**9,941**	**-**	**102,132**
Amount recovered	(17)	-	(17)
Net remeasurement of loss allowance	1,221	-	1,221
Balance as at 31 December 2020	**11,145**	**92,191**	**103,336**

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	**Credit-impaired**
	$'000	**$'000**
2020		
Seven customers' account with a gross carrying amount of $3.675 million over 120 days with underlying issues	681	-
Customers' accounts with balances past due	540	-
Partial settlement by customers with gross carrying amount over 120 days past due	(17)	-
	1,204	**-**

	Increase/(decrease) in lifetime ECL	
	Not credit-impaired	**Credit-impaired**
	$'000	**$'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	**-**

10. **Stated capital**

Authorised:

An unlimited number of ordinary shares of no-par value

	2020 $'000	2019 $'000
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 $'000	Current portion $'000	2020 $'000	2019 $'000
Consolidated loan (Note 12(c))	**18,951**	**48,195**	**67,146**	**162,091**

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.

12. **Long-term debt (continued)**

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	
2020	**2019**	**2020**	**2019**
$'000	**$'000**	**$'000**	**$'000**
67,146	**162,091**	**67,146**	**162,091**

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.

Maturity profile of long-term debt

	2020	**2019**
	$'000	**$'000**
In one year or less	48,195	48,195
In more than one year but not more than two years	18,951	48,195
In more than two years but not more than three years	-	48,195
In more than three years but not more than four years	-	17,506
	67,146	**162,091**

13. **Trade and other payables**

	2020	**2019**
	$'000	**$'000**
Trade payables	8,933	9,994
Accrued material/service amounts	23,017	30,526
Employee related accruals	10,474	15,757
Retentions	1,822	11,986
VAT payable	3,488	2,954
	47,734	**71,217**

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

The table below summarises the trade and other payables:

	Under 3 months $'000	3-12 months $'000	Total $'000
As at 31 December 2020			
Trade creditors & accruals	38,030	1,823	39,853
Accrued vacation leave	-	7,651	7,651
Accrued audit fees	-	230	230
Total trade creditors and accruals	**38,030**	**9,703**	**47,734**
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**

14. **Deferred income**

	2020 $'000	2019 $'000
Billings in advance (Note 14 a)	17,553	17,330
Deferred income - Union Industrial Estate and Government funded projects (Note 14 b)	75,185	77,929
Deferred income – Other	8,459	8,650
	101,197	**103,909**
Non-current	63,084	64,052
Current	38,113	39,857
	101,197	**103,909**

a) This amount relates to pier user charges billed in advance.
b) Deferred income - Union Industrial Estate and Government funded projects:

	2020 $'000	2019 $'000
Balance at 1 January	77,929	74,588
Amount received during the year	2,000	8,609
Amount released to income	(3,118)	(5,268)
Amount to match expenditure on oil spill radar and solar projects	(1,626)	-
Balance at 31 December 2020	**75,185**	**77,929**

15. **Revenue**

The revenue principally consists of the following:

	2020 $'000	2019 $'000
ISCOTT dock	4,522	12,480
Savonetta piers	139,075	144,421
Point Lisas harbour	33,548	38,477
Tugs and workboats	86,991	112,490
Lease land (Note 6)	15,737	16,793
Amortisation of deferred capital grant	3,118	5,268
Galeota port	13,901	15,424
Berth 3 – Brighton	8,599	11,434
Tug mooring facility rental	868	853
Rental storage facilities	2,105	1,698
	308,464	**359,338**

16. **Other income**

	2020 $'000	2019 $'000
Management fees – La Brea Industrial Development Company Limited	840	1,232
Project management fees	57	28
Loss on disposal of property, plant & equipment	(2,024)	(2,125)
Miscellaneous	1,825	2,512
	698	**1,647**

17. **Expenses**

a) Operating costs:

	2020 $'000	2019 $'000
Depreciation and amortisation	56,470	57,275
Maintenance - marine facilities	43,693	42,474
Salaries and related benefits (Note 17(d))	10,390	8,435
Management fees - tugs & workboats	29,198	26,320
Insurance	8,103	6,815
Security	5,079	4,782
	152,933	**146,101**

17. **Expenses (continued)**

b) Administrative and general expenses:

	2020 $'000	2019 $'000
Salaries and related benefits (Note 17(d))	43,773	42,895
Depreciation and amortisation	6,063	5,995
Management fees – NGC	1,650	1,650
Insurance	618	502
Credit loss allowance	1,204	2,235
Motor vehicle expense	1,402	1,730
General business travel	167	455
Security	620	583
Advertising and communications	503	645
Legal and professional fees	3,565	4,341
Donation	188	225
Other	8,629	7,226
	68,382	**68,482**

(c) Finance costs:

	2020 $'000	2019 $'000
Interest on debt and borrowings - related parties	6,751	10,307
Notional interest on related party loan	3,251	4,030
Lease interest	420	454
	10,422	**14,791**

(d) Staff costs:

	2020 $'000	2019 $'000
Included under operating costs	10,390	8,506
Included under administrative and general expenses	44,611	42,895
	55,001	**51,401**

(e) Pension costs:

	2020 $'000	2019 $'000
Pension expense recognised in profit and loss	6,761	4,273
Pension liability	11,788	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. **Related party transactions and balances**

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) 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 2020, the Company has recorded a credit loss allowance relating to amounts owed by related party Alutech Limited of $20.309 million (2019: $20.309 million) and the Government of the Republic of Trinidad and Tobago of $91.739 million (2019: $91.739 million). 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 following table provides the total amount of material transaction, which have been entered into with related parties and the balance outstanding for the period ended 31 December 2020 and 31 December 2019.

		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	2020	-	-	-	12,665
	2019	-	-	-	2,337
Lease land/building	2020	1,264	-	-	-
	2019	1,242	-	-	-
Management fees	2020	-	1,650	-	-
	2019	-	1,650	-	-
Loans	2020	-	6,751	-	67,146
	2019	-	10,307	-	162,091
La Brea Industrial Development Company Limited					
Management fees reimbursements	2020	840	-	21,523	779
	2019	1,232	-	19,707	527
Trinidad Generation Unlimited					
Income lease land	2020	3,172	-	-	-
	2019	3,169	-	-	-
NGC/CNG					
Building lease/reimbursements	2020	778	-	223	16,558
	2019	756	-	-	-

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

		Income from related parties $'000	Related party expenses $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
PPGPL					
Leased land	2020	**350**	-	-	-
	2019	**351**	-	-	-
Government of the Republic of Trinidad and Tobago					
Government-funded project costs	2020	**27**	-	-	-
	2019	**28**	-	-	-
Directors' allowances and fees	2020	-	**697**	-	-
	2019	-	**434**	-	-

Compensation of key management personnel:

	2020 $'000	2019 $'000
Short-term employee benefits	9,226	11,664

19. **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:

	2020 $'000	2019 $'000
Not later than 1 year	18,912	24,133
Later than 1 year and not longer than 5 years	64,890	67,180
Later than 5 years	286,998	299,832
	370,800	**391,145**

20. Leases (Company as a lessee)

Right-of-use 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
Addition	-	-	-	-
At 31 December 2020	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
Charge for the year	45	347	1,537	1,929
At 31 December 2020	90	480	3,074	3,644
Carrying amount				
At 31 December 2019	3,361	910	3,073	7,344
At 31 December 2020	3,316	563	1,536	5,415

The Company's lease assets include:

a) Land – land located in Couva and Point Lisas harbour seabed leases both with 99-year terms
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.

	2020 $'000	2019 $'000
Amount recognised in profit and loss		
Depreciation expense on right-of-use assets	1,929	1,715
Interest expense on lease liabilities	420	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.

21. **Lease liabilities**

Maturity analysis:

	2020 $'000	2019 $'000
Year 1	1,939	1,877
Year 2	238	1,939
Year 3	1	238
Year 4	1	1
More than 4 years	3,401	3,401
	5,580	**7,456**

Analysed as:

	2020 $'000	2019 $'000
Non-current	3,641	5,579
Current	1,939	1,877
	5,580	**7,456**

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

22. **Financial risk management objectives and policies**

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

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

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 counterparty 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 8b), a provision 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.

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

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial instruments 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 2020						
Assets						
Cash and cash equivalents	54,457	-	-	-	-	54,457
Investments	-	98,744	136,657	6,365	-	241,766
Trade and other receivables	-	56,956	35,947	-	-	92,903
Due from related parties	-	-	21,746	-	-	21,746
	54,457	**155,700**	**194,350**	**6,365**	**-**	**410,872**
Liabilities						
Interest bearing debt	-	-	50,810	20,335	-	71,145
Trade creditors and accruals	-	38,030	1,822	-	-	39,852
Interest bearing lease liabilities	-	811	1,486	1,502	23,112	26,911
Due to related parties	-	17,337	-	-	-	17,337
Due to parent company	-	12,665	-	-	-	12,665
	-	**68,843**	**54,118**	**21,837**	**(23,112)**	**167,910**
Net liquidity position	**54,457**	**86,857**	**140,232**	**(15,472)**	**(23,112)**	**242,962**

	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**

22. **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		TT$ equivalent	
		$'000		$'000
As at 31 December 2020				
Cash and cash equivalents	US$	4,808	TT$	32,453
Investments	US$	34,817	TT$	235,401
Trade and other receivables	US$	12,246	TT$	80,971
Trade and other payables	US$	581	TT$	4,112
	EUR	246	TT$	1,747
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

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.

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

Foreign currency risk (continued)

	Increase/(decrease) in exchange rate %	Effect other comprehensive income $'000
As at 31 December 2020	7%	29,643
	(7%)	(29,643)
As at 31 December 2019	7%	30,201
	(7%)	(30,201)

Capital management

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

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 2020 and the year ended 31 December 2019.

23. **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)).

24. **Capital commitments**

	2020	**2019**
	$'000	**$'000**
Approved and contracted capital expenditure	8,226	8,442

These commitments include contractual commitments of $0.568 million (2019: Nil) entered into by the Company on behalf of the Government of the Republic of Trinidad and Tobago.

25. **Contingent liabilities**

During 2016, the Company received invoices totalling $11.67 million 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.

26. **COVID-19**

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

(i) the duration and spread of the outbreak,
(ii) the extent of restrictions and advisories, and
(iii) the effects on the local and global financial and economic markets, all of which are highly uncertain and cannot be predicted.

DESIGN: LONSDALE SAATCHI AND SAATCHI ADVERTISING LIMITED

National Energy

CORPORATION OF TRINIDAD AND TOBAGO

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