THE WEST INDIES OIL COMPANY LIMITED

Consolidated Financial Statements

December 31, 2020

(Expressed in Eastern Caribbean Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
THE WEST INDIES OIL COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of The West Indies Oil Company Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of profit and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the Group 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 25 - Subsequent Events, where management has disclosed the offer of the Government of Antigua and Barbuda to sell 301,920 shares or ten (10%) of its holdings with the Group after the year end.

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT *(cont'd)*

To the Board of Directors of
THE WEST INDIES OIL COMPANY LIMITED

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Chartered Accountants
July 22, 2021

Antigua and Barbuda

THE WEST INDIES OIL COMPANY LIMITED

Consolidated Statement of Financial Position

December 31, 2020

(Expressed in Eastern Caribbean Dollars)

	Notes	2020	As restated 2019
Assets			
Current Assets			
Cash and cash equivalents		$ 32,896,722	24,889,156
Trade and other receivables	6	88,700,527	97,938,969
Inventories	7	17,843,174	9,408,897
Current portion of loan receivable		145,600	-
Deferred charges		370,098	394,666
Total Current Assets		139,956,121	132,631,688
Non-Current Assets			
Property held for development and sale	9	9,148,000	9,148,000
Investment property	10	10,515,000	10,515,000
Property, plant and equipment	11	213,537,513	215,468,318
Loan receivable		59,928	-
Deferred tax asset		50,256	50,256
Total Non-Current Assets		233,310,697	235,181,574
Total Assets		373,266,818	367,813,262
Liabilities			
Current Liabilities			
Trade and other payables	12	89,195,121	75,193,263
Tax payable	20	2,990,653	6,327,335
Current portion of long-term loan	13	7,975,387	8,062,157
Total Current Liabilities		100,161,161	89,582,755
Non-Current Liabilities			
Long term loan	13	21,037,500	28,687,500
Deferred tax liability	20	2,688,768	1,519,596
Total Non-Current Liabilities		23,726,268	30,207,096
Total Liabilities		123,887,429	119,789,851
Shareholders' Equity			
Share capital	14	14,800	14,800
Contributed surplus	15	128,889,407	128,889,407
Revaluation surplus	16	69,708,680	69,708,680
Accumulated surplus		50,766,502	49,410,524
Total Shareholders' Equity		249,379,389	248,023,411
Total Liabilities and Shareholders' Equity		$ 373,266,818	367,813,262

Approved by the Board of Directors on July 22, 2021

Director .... **Director** ....

The notes on pages 7 to 38 are an integral part of these financial statements.

THE WEST INDIES OIL COMPANY LIMITED

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2020

(Expressed in Eastern Caribbean Dollars)

	Notes		2020	As restated 2019
Sales		$	229,132,503	327,539,247
Cost of sales			(188,695,104)	(268,403,356)
Gross profit			40,437,399	59,135,891
Other operating income	17		23,901,798	32,982,117
Net sales and other operating income			64,339,197	92,118,008
Operating expenses				
Remeasurement gain/(loss) on liability			2,637,119	(1,298,675)
Bad debt recovery			19,494	-
Selling, general and administrative expenses	18		(35,957,527)	(38,108,322)
Depreciation on property, plant and equipment	11		(7,400,679)	(7,950,868)
Credit loss expense	6		(122,151)	(1,289,843)
Exchange loss			(622,120)	(1,091,968)
Fixed asset impairment			-	(596,012)
Claims and losses			-	(229,347)
			(41,445,864)	(50,565,035)
Net operating income			22,893,333	41,552,973
Finance cost				
Interest income			44,165	47,562
Interest expense			(1,423,450)	(1,763,456)
			(1,379,285)	(1,715,894)
Net income before taxation			21,514,048	39,837,079
Taxation				
Corporation tax	20		(4,009,336)	(9,093,985)
Withholding tax	20		(18,000)	(18,000)
Deferred tax	20		(1,169,172)	(1,074,775)
			(5,196,508)	(10,186,760)
Net income for the year			16,317,540	29,650,319
Special tax on net income			(1,771,288)	(3,025,970)
Total comprehensive income for the year		$	14,546,252	26,624,349

The notes on pages 7 to 38 are an integral part of these financial statements.

THE WEST INDIES OIL COMPANY LIMITED

Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2020

(Expressed in Eastern Caribbean Dollars)

	Notes	Share Capital	Contributed Surplus	Revaluation Surplus	Accumulated Surplus	Total
Balance at December 31, 2018, as previously stated		$ 14,800	128,889,407	69,708,680	30,858,954	229,471,841
Effect of change in accounting policy	23	-	-	-	8,928,898	8,928,898
Balance at December 31, 2018 as restated		14,800	128,889,407	69,708,680	39,787,852	238,400,739
Total comprehensive income for the year, as previously restated		-	-	-	26,380,548	26,380,548
Effect of change in accounting policy	23	-	-	-	243,801	243,801
Total comprehensive income for the year, as restated		-	-	-	26,624,349	26,624,349
Dividends declared		-	-	-	(17,001,677)	(17,001,677)
Balance at December 31, 2019, as restated		14,800	128,889,407	69,708,680	49,410,524	248,023,411
Total comprehensive income for the year		-	-	-	14,546,252	14,546,252
Dividends declared		-	-	-	(13,190,274)	(13,190,274)
Balance at December 31, 2020		$ 14,800	128,889,407	69,708,680	50,766,502	249,379,389

The notes on pages 7 to 38 are an integral part of these financial statements.

THE WEST INDIES OIL COMPANY LIMITED

Consolidated Statement of Cash Flows

Year ended December 31, 2020

(Expressed in Eastern Caribbean Dollars)

	Notes		2020	As restated 2019
Cash flows from operating activities				
Net income before taxation		$	21,514,048	39,837,079
Adjustments for:				
Depreciation on property, plant and equipment	11		7,400,679	7,950,868
Provision for impairment of fixed asset			-	596,012
Bad debt recovery			(19,494)	-
Remeasurement (gain)/loss on liability			(2,637,119)	1,298,675
Credit loss expense			122,151	1,289,843
Interest income			-	(47,562)
Loss on disposal of investment property			43,448	-
Interest expense			1,423,450	1,763,456
Operating income before changes in working capital			27,847,163	52,688,371
Change in trade and other receivables			9,135,785	5,390,460
Change in inventories			(8,434,277)	6,640,529
Change in trade and other payables			3,448,703	(51,102,030)
Change in deferred charges			24,568	(171,528)
Change in loan receivable			(205,528)	-
			31,816,414	13,445,802
Taxes paid			(9,135,306)	(8,018,000)
Net cash provided by operating activities			22,681,108	5,427,802
Cash flows from investing activities				
Purchase of property, plant and equipment			(5,568,922)	(23,230,500)
Proceeds from the sale of property, plant and equipment			55,600	-
Interest received			-	47,562
Net cash used in investing activities			(5,513,322)	(23,182,938)
Cash flows from financing activities				
Interest paid			(1,510,220)	(1,850,226)
Dividends			-	(12,130,357)
Loan repayment			(7,650,000)	(7,650,000)
Net cash used in financing activities			(9,160,220)	(21,630,583)
Increase/(decrease) in cash and cash equivalents during the year			8,007,566	(39,385,719)
Cash and cash equivalents, beginning of year			24,889,156	64,274,875
Cash and cash equivalents, end of year		$	32,896,722	24,889,156
Represented by:				
Cash and cash equivalents		$	32,896,722	24,889,156

The notes on pages 7 to 38 are an integral part of these financial statements.

(Expressed in Eastern Caribbean Dollars)

1. **Reporting Entity**:

The West Indies Oil Company Limited (the "Parent Company") is a private company incorporated on March 24, 1961 under the laws of Antigua and Barbuda. The Group is fifty-one (51%) majority owned by the Government of Antigua and Barbuda, 25% by PDV Caribe SA, a subsidiary of Petroleos de Venezuela SA (PDVSA) and 24% by Fancy Bridge, an investment company based in the British Virgin Islands.

The principal activity of the Parent Company is the storage and distribution of petroleum products. The Group also engages in real estate development.

The registered office of the Parent Company is located at Friars Hill Road, St. John's, Antigua.

2. **Basis of Preparation**:

(a) *Statement of Compliance:*
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standard Board (IASB).

These consolidated financial statements were approved by the Board of Directors on July 22, 2021.

(b) *Basis of Consolidation*:
These consolidated financial statements include the accounts of the Parent Company and its wholly-owned subsidiary, West Indies Oil Company (Dominica) Limited (collectively referred to as "the Group").

(i) *Subsidiary*
A subsidiary is an entity controlled by the Parent Company. The separate financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date the control ceases. The accounting policies of the subsidiary have been changed when necessary to align them with policies adopted by the Parent Company.

(c) *Basis of Measurement:*
These consolidated financial statements have been prepared on the historical cost basis, modified by the revaluation of land and buildings.

(d) *Functional and Presentation Currency*:
These consolidated financial statements are presented in Eastern Caribbean Dollars, which is the Group's functional currency. All financial information presented in Eastern Caribbean Dollars has been rounded to the nearest dollar.

(Expressed in Eastern Caribbean Dollars)

2. **Basis of Preparation**: *(cont'd)*

(e) *Use of Estimates and Judgments:*
In preparation these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(i) *Judgements:*
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following note:

- Note 22 (i) – land lease classification.

(ii) *Assumptions and estimation uncertainties:*
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending December 31, 2020 is included in the following notes:

- Note 19 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 3(f) – estimated useful life of property, plant and equipment;
- Note 22 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources: and
- Note 4 – determination of fair values.

i. *Measurement of fair values:*
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

2. **Basis of Preparation**: *(cont'd)*

(e) Use of Estimates and Judgements: (cont'd)

(ii) Assumptions and estimation uncertainties: (cont'd)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurements are categorised in entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 3(a) – financial instruments.

(f) Adoption of New or Revised Standards, Amendments to Existing Standards and Interpretations:

The Group has adopted the following new standards, amendments to existing standards and interpretations effective from January 1, 2020. Except as otherwise indicated, the adoption of these new standards, amendments to existing standards and interpretations did not have any significant impact on the Group's consolidated financial statements.

- *Definition of a Business (Amendments to IFRS 3)*
  Amendments to IFRS 3 were mandatorily effective for reporting periods beginning on or after January 1, 2020. The Company has applied the revised definition of a business for acquisitions occurring on or after 1 January 2020 in determining whether an acquisition is accounted for in accordance with IFRS 3 Business Combinations. The amendments do not permit the Company to reassess whether acquisitions occurring prior to 1 January 2020 met the revised definition of a business. This amendment had no material effect on the Company.

2. **Basis of Preparation**: *(cont'd)*

(g) *New Standards, Amendments to existing standards and interpretations issued but not yet effective during the year:*

The new standards, amendments to existing standards and interpretations that are issued, but not yet effective, up to date of issuance of the Group's financial statements are disclosed below.

The Group intends to adopt these standards, if applicable, when they become effective.

- *COVID-19-Related Rent Concessions (Amendments to IFRS 16) Effective 1 June 2020*
  IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

  (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) The reduction in lease payments affects only payments originally due on or before June 30, 2021; and

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

  Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

- *Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

  These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2021. The amendments provide relief in respect of certain loans whose contractual terms are affected by interest benchmark reform.

- The following amendments are effective for the period beginning January 1, 2022:

  - Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
  - Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
  - Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
  - References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(Expressed in Eastern Caribbean Dollars)

2. **Basis of Preparation**: *(cont'd)*

(g) New Standards, Amendments to existing standards and interpretations issued but not yet effective during the year:

The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after January 1, 2023.

The Group is currently assessing the impact of these new accounting standards and amendments.

3. **Summary of Significant Accounting Policies:**

(a) Financial Instruments:

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

The Group initially recognises loans and receivables on the date when they are originated.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and net amount presented in the statement of financial position when, and only when, the Group has legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(b) Financial Assets:

The Group currently classifies its financial assets at amortised cost as discussed below, depending on the purpose for which the asset was acquired.

3. **Summary of Significant Accounting Policies:**

(b) Financial Assets: (cont'd)

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised.

For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables, loan receivable and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

(Expressed in Eastern Caribbean Dollars)

3. **Summary of Significant Accounting Policies**: *(cont'd)*

(c) *Financial Liabilities*

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired:

- Fair value through profit or loss
- Other financial liabilities

Fair value through profit or loss

The Group does not currently have any liabilities designated as fair value through profit or loss.

Other financial liabilities

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(d) *Trade Receivables:*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(e) *Inventories:*

Inventories are stated at the lower of cost or net realisable value, cost being determined on a first in-first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. A provision is made when the recoverable amount of inventories is likely to be less than cost.

(f) *Property, Plant and Equipment:*

i. Recognition and Measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

ii. Subsequent expenditure:

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(Expressed in Eastern Caribbean Dollars)

3. **Summary of Significant Accounting Policies**: *(cont'd)*

(f) Property, Plant and Equipment: (cont'd)

iii. Depreciation:

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Land improvements/roads	25 years
Building	10 – 20 years
Transportation	5 years
Terminal	10 – 30 years
Sales equipment	10 – 25 years
Furniture and other equipment	4 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Investment Property:

(Accounting policy adopted before January 1, 2020)

Property held for rental and not occupied by the Group is classified as investment property. Investment property is comprised of warehouses and service stations and is carried from cost less accumulated depreciation and impairment losses, if any to fair value model.

The Group uses the cost model to account for its investment property. Initially, an item of investment property is measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that the cost is incurred if the recognition criteria are met and excludes the cost of day-to-day servicing of an investment property.

Depreciation is provided using the straight-line method at rates considered adequate to write-off the cost, less residual value, over the estimated useful lives of the assets. The useful lives and depreciation method are reviewed at each reporting date to ensure that such useful lives and depreciation method are consistent with the expected pattern of economic benefits from those assets. Warehouses are depreciated at a rate of five (5%) percent annually, while service stations are depreciated at a rate of three (3%) percent to five (5%) percent annually.

Subsequently, the investment property of the Group is remeasured at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises.

3. **Summary of Significant Accounting Policies**: *(cont'd)*

(g) *Investment Property: (cont'd)*

Fair value should reflect the actual market state and circumstances as of the balance sheet date. The best evidence of fair value is normally given by current prices on an active market for similar property in the same location and condition and subject to similar lease and other contracts. In the absence of such information, the entity may consider current prices for properties of a different nature or subject to different conditions, recent prices on less active markets with adjustments to reflect changes in economic conditions, and discounted cash flow projections based on reliable estimates of future cash flows.

Where a property has previously been measured at fair value, it should continue to be measured at fair value until disposal, even if comparable market transactions become less frequent or market prices become less readily available.

Investment Property *(Accounting Policy adopted since January 1, 2020)*

Investment property is remeasured at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains or losses arising from changes in the fair value of investment property must be included in profit or loss for the period in which it arises.

(h) *Revenue Recognition:*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of The Group's activities. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met as described below.

Performance obligations and timing of revenue recognition

The majority of The Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer.

There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, The Group no longer has physical possession, and usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Costs of obtaining long-term contracts and costs of fulfilling contracts

The costs of fulfilling contracts do not result in the recognition of a separate asset because:

- such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
- for service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the asset is transferred to the customer on a continuous basis as work is carried out.

3. **Summary of Significant Accounting Policies**: *(cont'd)*

(h) *Revenue Recognition: (cont'd)*

Practical Exemptions
The Group has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and

- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

Revenue from the sale of petroleum products is recognised upon the delivery of products and customer acceptance and is shown net of sales taxes.

The sales of lots of land held for development are recognised at the time that the risks and rewards of ownership pass to the purchaser as evidenced by a signed purchase contract.

Revenue is recognised using the 'percentage of completion' method on houses sold. The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract.

Other income is recognised on the accrual basis and in accordance with contract terms with customers.

(i) *Property Held for Development and Sale:*
Property held for development is measured at:

- Carrying value as at the time of classification as development property; plus
- Subsequent development and construction costs; less
- Amounts transferred to cost of sales relating to lots sold.

Costs directly related to the development of land held for development and sale are capitalised and include planning costs, consultancy fees and construction costs. General and administrative expenses associated with Friars Hill Development project are expensed in the year incurred.

Construction costs for houses are attributed to individual properties and de-recognised at the time of the sale of the lot upon which the house was built. Capitalised common development costs are assigned to individual lots based on the surveyed square footage of each lot and de-recognised at the time of the sale of the lot.

(j) *Cash and Cash Equivalents:*
Cash and cash equivalents comprise cash balances.

Included in cash and cash equivalents is a current account of EC$26,455,617 (2019: EC$18,496,594).

(Expressed in Eastern Caribbean Dollars)

3. **Summary of Significant Accounting Policies**: *(cont'd)*

(k) *Taxation:*
Taxation on the profit or loss for the year comprises of current and deferred tax. Taxation is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the statement of financial position liability method and providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the statement of financial position date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(l) *Foreign Currency Translation:*
Transactions in foreign currencies are translated into Eastern Caribbean Dollars at the exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Eastern Caribbean Dollars at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(m) *Borrowings:*
Borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the profit or loss over the term of the borrowings on an effective interest rate basis.

(n) *Provisions:*
A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to liability.

(o) *Trade Payables:*
Trade payables are recognised at fair value and subsequently measured at amortised cost.

(p) *Leases*
The Group has implemented the IFRS 16 which replaces the dual accounting model leases. As such The Group has accounted for leases which substantial in nature and recorded the leases as right to use assets with the corresponding liability also recognised on the financial statement.

3. **Summary of Significant Accounting Policies**: *(cont'd)*

(p) *Leases; (cont'd)*
For other leases where future operations are doubtful or have a duration of less than twelve (12) months, The Group has elected to continue to expense these lease payments with asset recognition.

(q) *Consolidation:*
A subsidiary is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred. They are de-consolidated from the date that control ceases.

4. **Determination of Fair Values**:

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) *Trade and Other Receivables:*
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(ii) *Non-derivative Financial Liabilities:*
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables and tax payable are not materially different from their carrying amount due to their short-term period to maturity or their contractual terms.

5. **Financial Risk Management**:

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and it also assesses financial and control risks to the Group.

(Expressed in Eastern Caribbean Dollars)

5. **Financial Risk Management**: *(cont'd)*

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group's Directors oversee how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Group.

(a) *Credit Risk*:
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

i. *Trade and Other Receivables:*
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the country in which customers operate, has less of an influence on credit risk. Geographically there is no concentration of credit risk.

ii. *Cash at hand and at Bank:*
Cash and cash equivalents are held with established financial institutions, which represent minimum risk of default.

The maximum exposure to credit risk at the reporting date was:

		2020	2019
Cash and cash equivalents	$	32,896,722	24,889,156
Trade and other receivables		80,365,211	89,381,102
	$	113,261,933	114,270,258

Credit risk in respect of trade and other receivables is limited as these balances are shown net of provision for doubtful debts. Cash at hand and at Bank are held with financial institutions which represent minimum risk of default.

(b) *Liquidity Risk:*
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(Expressed in Eastern Caribbean Dollars)

5. **Financial Risk Management**: *(cont'd)*

(b) Liquidity Risk: (cont'd)

The following are the contractual maturities of financial assets and liabilities excluding the impact of netting arrangements:

		2020			
		Carrying Amounts	**Contractual Cash Flows**	**Up to 1 Year**	**More than 1 Year**
Assets					
Cash and cash equivalents	$	32,896,722	32,896,722	32,896,722	-
Trade and other receivables		80,365,211	80,365,211	80,365,211	-
Loan receivable		205,528	205,528	145,600	59,928
		113,467,461	113,467,461	113,407,533	59,928
Liabilities					
Trade and other payables		(85,611,434)	(85,611,434)	(85,611,434)	-
Long term loan		(29,012,887)	(29,012,887)	(7,975,387)	(21,037,500)
		(114,624,321)	(114,624,321)	(93,586,821)	(21,037,500)
Liquidity cover	$	(1,156,860)	(1,156,860)	19,820,712	(20,977,572)
Cumulative liquidity cover	$	(1,156,860)	(1,156,860)	19,820,712	(1,156,860)

(Expressed in Eastern Caribbean Dollars)

5. **Financial Risk Management**: *(cont'd)*

(b) *Liquidity Risk: (cont'd)*

The following are the contractual maturities of financial assets and liabilities excluding the impact of netting arrangements:

		2019			
		Carrying Amounts	Contractual Cash Flows	Up to One Year	More than 1 Year
Assets					
Cash and cash equivalents	$	24,889,156	24,889,156	24,889,156	-
Trade and other receivables		89,381,102	89,381,102	89,381,102	-
		114,270,258	114,270,258	114,270,258	-
Liabilities					
Trade and other payables		(71,628,370)	(71,628,370)	(71,628,370)	-
Long term loan		(36,749,657)	(36,749,657)	(8,062,157)	(28,687,500)
		(108,378,027)	(108,378,027)	(79,690,527)	(28,687,500)
Liquidity cover	$	5,892,231	5,892,231	34,579,731	(28,687,500)
Cumulative liquidity cover	$	5,892,231	5,892,231	34,579,731	5,892,231

(Expressed in Eastern Caribbean Dollars)

5. **Financial Risk Management**: *(cont'd)*

(c) *Market Risk:*
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and price risk will affect the value of the Group's assets, the amount of its liabilities and/or income. Market risk arises from fluctuations in the value of liabilities and the value of investments held. The Group is exposed to market risk on certain of its financial assets.

(*i)* *Price Risk:*
Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market. The Group has no significant exposure to such risk.

(ii) *Interest Rate Risk:*
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest earning assets and interest bearing liabilities, which are subject to interest rate adjustments within a specified period. The Group has no significant exposure to interest rate risk.

(iii) *Currency Risk:*
Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The main currencies giving rise to this risk are the Eastern Caribbean Dollar and United States Dollar arising from purchasing transactions. The Group does not face any such risk since it transacts its operations in Eastern Caribbean Dollars, which is its functional currency. The Eastern Caribbean Dollar, in which the Group also transacts business, is fixed in relation to the United States Dollar.

(d) *Fair Value:*
The fair values of cash and cash equivalents, trade and other receivables and trade and other payables are not materially different from their carrying amount due to their short-term to maturity or their contractual terms.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(Expressed in Eastern Caribbean Dollars)

5. **Financial Risk Management**: *(cont'd)*

(e) *Capital Management*:
It is the Group's policy to maintain a strong capital base so as to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholder's equity. The Group is not subject to externally imposed capital requirements and there were no changes in the Group's approach to capital management during the year.

6. **Trade and other Receivables**:

		2020	2019
Trade receivables	$	82,775,361	92,664,807
VAT recoverable, net		7,186,882	7,030,870
Prepayments		1,148,434	1,526,997
Other receivables		587,627	450,837
		91,698,304	101,673,511
Less: Provision for impairment - trade and other receivables		(2,997,777)	(3,734,542)
	$	88,700,527	97,938,969

The fair values of trade and other receivables approximates their carrying values above.

As of December 31, 2020, trade receivables of $74,634,520 (2019: $81,235,633) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging of these trade receivables is as follows:

		2020	2019
Overdue by 1 to 30 days	$	11,147,443	16,247,077
Overdue by 31 to 60 days		7,232,787	7,663,285
Overdue by more than 60 days		56,254,290	57,325,271
	$	74,634,520	81,235,633

As of December 31, 2020, trade receivables of $2,997,777 (2019: $3,734,542) were overdue by more than 90 days were considered impaired and provided for based on the Group's accounting policy (See Note 3).

(Expressed in Eastern Caribbean Dollars)

6. **Trade and other Receivables**: *(cont'd)*

The other classes within trade and other receivables do not contain impaired assets.

Movements on the provisions for impairment of trade receivables are as follows:

		2020	2019
At January 1	$	3,734,542	2,444,699
Expected credit losses		122,151	1,289,843
Recoveries		(858,916)	-
At December 31	$	2,997,777	3,734,542

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The carrying amounts of the Group's trade and other receivables are denominated in the following:

		2020	2019
Eastern Caribbean dollars	$	71,077,972	77,439,989
United States dollars		17,622,555	20,498,980
	$	88,700,527	97,938,969

(Expressed in Eastern Caribbean Dollars)

7. **Inventories**:

		2020	2019
Fuel oil	$	7,291,601	273,022
Mogas		3,527,190	3,646,512
Diesel		2,244,807	1,385,933
LPG		668,968	1,111,425
Other		89,840	63,120
Kerosene		2,065	14,368
Total petroleum products		13,824,471	6,494,380
Consumable stores and supplies		4,018,703	2,914,517
	$	17,843,174	9,408,897

8. **Related Party Balances and Transactions**:

(a) *Related Parties:*

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

a) A person or a close member of that person's family is related to a reporting entity if that person:

   i) has control or joint control over the reporting entity;

   ii) has significant influence over the reporting entity; or

   iii) is a member of the key management personnel of the reporting entity, or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

   i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii) Both entities are joint ventures of the same third party.

   iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

8. **Related Party Balances and Transactions**: *(cont'd)*

(a) *Related Parties: (cont'd)*

b) An entity is related to a reporting entity if any of the following conditions applies: *(cont'd)*

v) The entity is controlled, or jointly controlled by a person identified in (a).

vi) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control or joint control of, or significant influence over, the reporting entity; and

b) another entity that is a related party because the same government has control or joint control of or significant influence over, both the reporting entity and the other entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(b) *Remuneration of Key Members of Management:*
Details of key management compensation, shown as part of payroll and related costs under selling, general and administrative expenses in the consolidated statement of comprehensive income, are shown below:

		2020	2019
Salaries and wages	$	1,175,076	1,272,762
Other staff costs		260,891	630,107
Pension costs		113,381	129,239
	$	1,549,348	2,032,108

(Expressed in Eastern Caribbean Dollars)

9. **Property Held for Development and Sale**:

		2020	2019
Balance at beginning of year	$	9,148,000	9,148,000
Land transferred to shareholder - Government of Antigua and Barbuda		-	-
Write-down of revaluation surplus		-	-
Balance at end of year	$	9,148,000	9,148,000

Land included in property held for development and sale was contributed to the Group by the Government of Antigua and Barbuda. The land was valued at its market value of $80,604,808 as of December 31, 1992 by an independent firm of appraisers.

In April 2015, as part of the transaction in which the government increased its minority shareholding from 25% to 100% of the shares thereby acquiring control of the Group, lands with cost of $48,870,000 were transferred to the Government of Antigua and Barbuda (GOAB). This transaction resulted in an equivalent reduction in the revaluation surplus of the shareholders' equity.

As at December 31, 2015, the land was revalued at EC$9,148,000 resulting a decrease in revaluation surplus of EC$18,244,155 (Note 16).

10. **Investment Property**:

		Warehouses	Service Stations	Total
Fair values:				
At December 31, 2018, as restated	$	1,264,000	9,251,000	10,515,000
Fair value gain/(loss)		-	-	-
At December 31, 2019, as restated		1,264,000	9,251,000	10,515,000
Fair value gain/(loss)		-	-	-
At December 31, 2020	$	1,264,000	9,251,000	10,515,000

The following amounts in the statement of profit and other comprehensive income relate to investment property:

		2020	2019
Rental income	$	537,960	601,232

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Notes to Consolidated Financial Statements *(cont'd)*

December 31, 2020

(Expressed in Eastern Caribbean Dollars)

11. **Property, Plant and Equipment**:

	Land	Land Improvements/ Roads	Building	Transportation	Jetty and Tank Farm	Sales Equipment	Furniture and other Equipment	Construction In Progress	Total
Cost:									
At December 31, 2018	$ 59,921,785	3,719,834	7,661,990	8,549,320	203,433,038	19,807,588	12,481,170	32,503,011	348,077,736
Additions	-	-	122,555	827,307	35,227,888	2,813,087	505,482	21,593,633	61,089,952
Impairment	-	-	-	-	-	-	-	(596,012)	(596,012)
Transfers	-	-	-	-	-	-	-	(37,859,453)	(37,859,453)
Disposals	-	-	-	(255,799)	-	-	-	-	(255,799)
At December 31, 2019	59,921,785	3,719,834	7,784,545	9,120,828	238,660,926	22,620,675	12,986,652	15,641,179	370,456,424
Additions	-	-	137,975	18,756	1,298,779	1,222,373	164,311	5,441,350	8,283,544
Impairment	-	-	-	-	-	-	-	-	-
Transfers	-	-	(9,021)	-	(618,099)	(162,978)	(248,739)	(1,675,785)	(2,714,622)
Disposals	-	-	-	(186,261)	-	(10,749)	(5,122)	-	(202,132)
At December 31, 2020	$ 59,921,785	3,719,834	7,913,499	8,953,323	239,341,606	23,669,321	12,897,102	19,406,744	375,823,214
Depreciation:									
At December 31, 2018	$ -	(1,949,435)	(5,048,736)	(5,906,558)	(111,003,264)	(13,533,511)	(9,851,533)	-	(147,293,037)
Charge for the year	-	(148,793)	(130,550)	(717,705)	(5,124,527)	(1,010,542)	(818,751)		(7,950,868)
Written back on disposals	-	-	-	255,799	-	-	-	-	255,799
At December 31, 2019	-	(2,098,228)	(5,179,286)	(6,368,464)	(116,127,791)	(14,544,053)	(10,670,284)	-	(154,988,106)
Charge for the year	-	(148,793)	(132,981)	(584,920)	(4,858,687)	(969,251)	(706,047)	-	(7,400,679)
Written back on disposals	-	-	-	100,151	-	1,433	1,500	-	103,084
At December 31, 2020	$ -	(2,247,021)	(5,312,267)	(6,853,233)	(120,986,478)	(15,511,871)	(11,374,831)	-	(162,285,701)
Net Book Value:									
At December 31, 2020	$ 59,921,785	1,472,813	2,601,232	2,100,090	118,355,128	8,157,450	1,522,271	19,406,744	213,537,513
At December 31, 2019	$ 59,921,785	1,621,606	2,605,259	2,752,364	122,533,135	8,076,622	2,316,368	15,641,179	215,468,318

(Expressed in Eastern Caribbean Dollars)

11. **Property, Plant and Equipment**: *(cont'd)*

Property, plant and equipment include seventy (70) acres of land contributed to the Group by the Government of Antigua and Barbuda. The land was valued at its market value as of December 31, 1992 by an independent firm of appraisers.

As at December 31, 2005, the above seventy (70) acres of land were revalued at EC$30,492,000, resulting in the recognition of an additional revaluation surplus of EC$5,414,949. As at December 31, 2014, the seventy (70) acres of land were revalued at EC$36,590,000, resulting in the recognition of an additional revaluation surplus of EC$6,098,000. The lands were further revalued as at December 31, 2015 to $59,764,000 resulting in the recognition at an additional revaluation surplus of EC$23,174,000 (Note 15).

The land was valued at its market value by an independent valuator. The revaluation surplus was credited to the 'revaluation surplus' account in equity (Note 16).

12. **Trade Payable and Other Payables**:

		2020	2019
Trade payables	$	52,867,329	52,564,577
Accrued liabilities		8,278,701	8,317,809
Security deposits		2,924,345	2,376,405
Dividend payable		25,124,746	11,934,472
	$	89,195,121	75,193,263

All of the trade and other payables are contractually or constructively due within twelve (12) months of the reporting date.

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

		2020	2019
Eastern Caribbean dollars	$	47,265,575	37,667,581
United States dollars		41,929,546	37,515,682
	$	89,195,121	75,183,263

(Expressed in Eastern Caribbean Dollars)

13. **Long-term Debt**:

		2020	2019
The Group entered into a loan agreement which resulted in access to loan funds totaling $45,900,000 at a rate of four and a half (4.5%) per annum repayable over seven (7) years. The purpose of the loan is to finance the initial phase of the Group's tank expansion program and related ancillary plant and equipment.			
In 2020, the Group made a total principal payment of $7,650,000 (2019:$7,650,000). Interest expense recognized for the year amounted to $1,423,450 (2019:$1,763,456).			
The loan is secured by way of a charge over land.	$	28,687,500	36,337,500
Less: Non-current portion		(21,037,500)	(28,687,500)
Current portion		7,650,000	7,650,000
Accrued interest		325,387	412,157
Total current portion	$	7,975,387	8,062,157

14. **Share Capital**:

		2020	2019
Authorised, issued and fully paid:			
5,920,000 Ordinary shares of $0.0025 per share par value (2019: 592,000 ordinary shares of $0.025 per share par value).	$	14,800	14,800

By way of a Board Resolution dated November 24, 2020, and pursuant to the provisions of the Companies Act, No. 18 of 1995 of the laws Antigua and Barbuda, the number of ordinary shares that the Group is authorized to issue was increased from 592,000 to 5,920,000 shares by declaring a ten (10) to one (1) share split.

(Expressed in Eastern Caribbean Dollars

15. **Contributed Surplus**:

		2020	2019
Inclusion of land contributed by Government of Antigua (See Note 11).	$	1	1
Arising as a result of forgiveness of debt and contributions from former shareholders in the period ended December 31, 1969.		35,490,940	35,490,940
Arising on the purchase of the Company by the Government of Antigua and Barbuda from Natomas Company on September 1, 1976.		13,966,243	13,966,243
Arising on acquisition by the Company of The West Indies Oil Company (Dominica) Limited from the Government of Antigua and Barbuda on January 30, 1980 (Note 8).		1,000	1,000
Transfer of contributed surplus to write off the accumulated deficit to January 31, 1980.		(20,831,243)	(20,831,243)
Arising as a result of forgiveness of debt and contributions from former shareholders in April 2015.		100,262,466	100,262,466
	$	128,889,407	128,889,407

(Expressed in Eastern Caribbean Dollars

16. **Revaluation Surplus**:

		2020	2019
Valuation of land used in terminal operations as of December 31, 1992.	$	25,077,052	25,077,052
Valuation of land held for development as of December 31, 1992.		80,604,808	80,604,808
Valuation of land used in terminal operations as of December 31, 2005 (See Note 11).		5,414,949	5,414,949
Valuation of land used in terminal operations as of December 31, 2013 (see Note 11).		6,098,000	6,098,000
Valuation of land used in terminal operations as of December 31, 2015 (see Note 11).		23,174,000	23,174,000
Valuation of land held for development as of December 31, 2015 (see Note 9).		(18,244,155)	(18,244,155)
Release on transfer of land held for development as of December 31, 2015 (see Note 9).		(48,870,000)	(48,870,000)
Release on sales of land held for development.		(4,358,235)	(4,358,235)
Valuation of land held used in operations as of December 31, 2018		812,261	812,261
	$	69,708,680	69,708,680

(Expressed in Eastern Caribbean Dollars)

17. **Other Operating Income**:

	Notes	2020	2019
Storage fees		$ 15,862,855	16,445,138
Port charges		2,425,868	1,810,944
Laboratory fees		1,738,700	2,545,120
Transmission fees		1,448,656	2,839,133
Berthing fees		764,100	598,532
Agency fees		704,700	522,720
Warehouse rental	10	537,960	601,232
Miscellaneous income		279,759	6,152,186
Convenience store income		139,200	139,200
Freight income		-	1,185,490
Bunkering Income		-	163,358
Friars Hill Development Project	19	-	(20,936)
		$ 23,901,798	32,982,117

(Expressed in Eastern Caribbean Dollars)

18. **Selling, General and Administrative Expenses**:

		2020	2019
Payroll and related costs	$	14,868,829	16,124,806
Product haulage		5,185,355	5,721,643
Insurance		4,014,041	2,933,349
Port charges		3,319,747	3,073,621
Utilities		1,879,863	1,776,082
Repair and maintenance		1,413,058	2,907,968
Freight and duty		773,880	14,155
Security		641,842	675,190
Rent		621,475	482,465
Legal and professional fees		582,785	548,180
Dues and subscriptions		405,930	292,532
Direct purchases		303,625	329,105
Uniform		382,797	314,318
Donations		211,976	155,626
Fuel Usage		208,373	380,681
Inspection		163,727	299,693
Directors' fees		147,375	424,000
Advertising and promotion		145,919	162,646
Storage fees		144,786	221,225
Office expenses		118,820	166,846
Bank charges		94,594	87,385
Travel and entertainment		73,547	284,249
Training		62,939	227,048
Loss on disposal of assets		43,448	-
License and taxes		8,129	17,098
Other operating expenses		140,667	488,411
	$	35,957,527	38,108,322

(Expressed in Eastern Caribbean Dollars)

19. **Friars Hill Development Project**:

		2020	2019
Revenue from Sale of Land and Houses	$	-	-
Expenses			
General and administrative expenses		-	20,936
		-	20,936
Net loss for the year from the project	$	-	(20,936)

20. **Taxation:**

Reconciliation of income tax calculated at applicable tax rate with income tax expense as follows:

		2020	2019
Tax payable			
Balance, beginning of year	$	6,327,335	2,207,380
Income and withholding taxes		5,798,624	12,137,955
Taxes paid		(9,018,000)	(8,018,000)
Corporate tax set off against value added tax		(117,306)	-
Balance, end of year	$	2,990,653	6,327,335
Net income for the year before taxation	$	21,514,048	39,593,278
Income tax expense calculated at the statutory rate		5,378,512	9,898,320
Tax effect of permanent differences		1,944,167	2,236,577
Tax effect on capital balancing allowance		(3,415,059)	(3,035,806)
Tax effect on losses not utilized/(utilized)		101,716	(5,106)
Current tax income		4,009,336	9,093,985
Withholding tax		18,000	18,000
Special tax on net income		1,771,288	3,025,970
Total income and withholding taxes	$	5,798,624	12,137,955

(Expressed in Eastern Caribbean Dollars)

20. **Taxation**: *(cont'd)*

		2020	**2019**
Deferred Tax Liability			
Beginning of year	$	1,519,596	444,821
Deferred tax movement		1,169,172	1,074,775
Balance, end of year	$	2,688,768	1,519,596

		2020	**2019**
Deferred tax asset			
Beginning of year	$	50,256	50,256
Deferred tax movement		-	-
Balance, end of year	$	50,256	50,256

The deferred tax liability balance arises from decelerated tax and depreciation and is recognised using the statutory tax rate of twenty-five (25%) percent.

Special tax on net income
In accordance with the Antigua and Barbuda Income Tax Amendment (ACT) of 2019, an additional tax of ten (10%) percent is charged on the net income of the Parent Company. This tax on net income is effective from January 1, 2019 to December 31, 2020

21. **Dividends:**

In 2020, a dividend of 50% of the consolidated earnings amounting to a total of $13,190,274 in respect of 2019 financial year was declared (2019: $17,001,677 in respect of 2018 financial year). Dividend payment made during the year ended December 31, 2020 amounted to nil (2019: $12,130,357).

22. **Commitments and Contingencies**:

(i) **Land lease**

The Group leases land from the Government of Antigua and Barbuda on which certain pipelines have been installed. As of December 31, 2020, this lease had fifty (50) years remaining. The Group has a waiver of the annual rental amount of EC$5,000.

(ii) **Pending Litigation**

The Parent Company is currently involved in an employee-related legal matter related to a claim for compensation for unfair dismissal. The Industrial Court has not yet issued a judgement in this matter. The amount of the liability, if any, in respect of the abovementioned legal matters will be contingent on the outcome of court proceedings and will be recognised in the financial statements at the time of determination.

(Expressed in Eastern Caribbean Dollars)

23. **Change in accounting policy:**

Effective January 1, 2020, the Group changed its accounting policy to measure its investment property using the revaluation model. Previously, the Group measured its investment property using the cost model.

The change in policy has been made because it is management's opinion that fair value model more accurately reflects the value of Group's investment property.

Below is a summary of the impact of the change in policy for the previous year.

		December 31, 2019 As previously reported	Effect of change in accounting policy	December 31, 2019 As restated
Investment property	$	1,342,301	9,172,699	10,515,000
Retained earnings		40,237,825	9,172,699	49,410,524
Profit for the year		26,380,548	243,801	26,624,349
Depreciation expense		243,801	(243,801)	-

24. **Effects of Covid-19 Pandemic:**

The effects of the COVID-19 pandemic on the Company's operating results commenced in second quarter 2020. As the number of cases arising from infection by the virus grew, The governments of both Antigua and Dominica took various measures to restrict social interaction, with resulting commensurate effects on economic activity. Various forms of these restrictions remain in effect as of publication of the 2020 Financial Statements, albeit with less severity than during the high point of the pandemic in the second and third quarters of 2020.

The key effects of measures taken to combat the pandemic on the Company's 2020 results are:

- A reduction in Jet fuel volumes by 64%
- A reduction in bulk LPG volumes by 40%
- Overall reduction in trading volumes by 24%

As a result of these negative impacts, The Company's 2020 operating income before expenses is lower than 2019 by $27,778,811. The net income before tax declined significantly in 2020 to $21,514,048 from $39,837,079 for 2019. In addition, the Company's liquidity has been negatively impacted, forcing the deferral of scheduled capital expenditure and payment of dividends for the 2019 financial year.

During 2020, the governments of the Organisation of Eastern Caribbean States (OECS) in collaboration with the Eastern Caribbean Central Bank (ECCB) implemented a program to provide relief to individuals and companies in the form of a three (3) to six (6) months' moratorium on loan repayments to commercial banks.

24. **Effects of Covid-19 Pandemic:**

The Company chose not to participate in the program since it was satisfied that its working capital management policies were sufficient to ensure continued, uninterrupted operations despite the negative impact of the pandemic on its liquidity.

The Company took the following steps to mitigate the impact on its liquidity:

- Negotiated a one-off extension of credit terms with major suppliers in April-May of 2020
- Reduced discretionary operating expenditure by 8% ($3,499,530) throughout 2020
- Tighter monitoring of credit and improved receivables collection. There was a net increase in receivables collection of $10,985,833.

In April 2021, the company raised EC$32.4 million for working capital support and to fund its deferred capital expenditure program on terms similar to its existing facility from 2017. The negative impact on economic activity of the COVID-19 crisis has continued into 2021 and the Company continues to experience lower than average trading results and liquidity restraints. Management forecast net income for 2021 of $18.099 million an improvement of 24% over 2020, however 16% below the five (5) year average for the period 2015-2019. As of publication of the 2020 financial statements, Management expects to achieve the forecast net income for 2021. This forecast however assumes continued improvement of the macroeconomic environment in which the company operates and the avoidance of the severe restrictions on social and economic activities which occurred in second and third quarters of 2020.

25. **Subsequent Events:**

On March 24, 2021, the Government of Antigua and Barbuda announced that it will divest 301,920 ordinary shares or ten (10%) percent of its holdings with the Group in which fifty (50%) percent of the offer is reserved for public servants and the remainder for other citizens and institutions of Antigua and Barbuda, OECS and CARICOM, in that order of priority.

The share offer price is fixed at EC$60 per share with a minimum allocation of fifty (50) shares per applicant and maximum allocation of fifteen thousand and ninety six (15,096) shares per applicant. The commencement period for the selling of shares is from March 24, 2021 to April 21, 2021.