PETROCARIBE ST. VINCENT AND THE GRENADINES LIMITED/ ST. VINCENT AND THE GRENADINES PETROCARIBE (SPECIAL PURPOSE) FUND

Financial Statements

For the year ended December 31, 2017

THE AUDIT OFFICE
31/7/19
ST. VINCENT AND THE GRENADINES

BDO

PETROCARIBE ST. VINCENT AND THE GRENADINES LIMITED/
ST. VINCENT AND THE GRENADINES PETROCARIBE (SPECIAL PURPOSE) FUND

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INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF FINANCE

PetroCaribe St. Vincent and the Grenadines Limited/
St. Vincent and the Grenandines PetroCaribe (Special Purpose) Fund
Kingstown

Report on the audit of the financial statements

Qualified Opinion

We have audited the financial statements PetroCaribe St. Vincent and the Grenadines Limited/ St. Vincent and the Grenandines PetroCaribe (Special Purpose) Fund (the "Company"), set out on pages 4 to 34, which comprise the statement of financial position as at December 31, 2017, the statements of profit or loss 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Included in property, plant and equipment is the amount of EC$717,756 (2016: EC$717,756) relating to the cost of a building, which was constructed on land that is not currently owned by the company. At the balance sheet date, the building had accumulated depreciation of EC$49,843 (2016: EC$9,968) and depreciation charge for the year amounted to EC$39,875 (2016: EC$9,968). If the company is unable to obtain proper title or ownership of the land, the carrying amount of property, plant and equipment may be reduced by EC$667,913 (2016: EC$707,788), and accumulated depreciation and retained earnings reduced by EC$49,843 (2016: EC$9,968), respectively. Depreciation charge to the profit and loss for the current year will reduced by EC$39,875 (2016: EC$9,968).

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's 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 the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PetroCaribe St. Vincent and the Grenadines Limited/
St. Vincent and the Grenandines PetroCaribe (Special Purpose) Fund
Kingstown

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which indicates that the Company has incurred losses from operations of EC$190,808 for the current year (2016: EC$505,917), which resulted to accumulated deficit and net asset deficiency of EC$6,753,310 as at December 31, 2017 (2016: EC$6,562,502). As stated in Note 2, these events or conditions, along with other matters as set out in Note 2, indicate that a material uncertainty exists that may cost significant doubt in the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The ability of the Company to continue as a going concern depends on the financial support to the Company by the Government of St. Vincent and the Grenadines to sustain its operations and meet its working capital requirements and obligations as it falls due.

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

Management is responsible for the preparation and fair presentation of 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.

Auditor's 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 AUDITOR'S REPORT TO THE MINISTER OF FINANCE (CONT'D)

PetroCaribe St. Vincent and the Grenadines Limited/
St. Vincent and the Grenandines PetroCaribe (Special Purpose) Fund
Kingstown

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 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

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BDO Eastern Caribbean
Kingstown, St. Vincent and the Grenadines
June 13, 2019

PETROCARIBE ST. VINCENT AND THE GRENADINES LIMITED/
ST. VINCENT AND THE GRENADINES PETROCARIBE (SPECIAL PURPOSE) FUND
Statement of Financial Position
As at December 31, 2017
(Expressed in Eastern Caribbean Dollars)

	Notes	2017 $	2016 $
Assets			
Property, plant and equipment	5	668,537	708,832
Loans and advances due from Government of St. Vincent and the Grenadines	6	113,715,337	104,674,488
Loans and advances due from public sector entity	7	73,705,726	73,205,726
Loans and advances due from statutory corporations	8	8,273,685	7,308,685
Loans and advances due from other entity	9	209,254	240,684
Total non-current assets		196,572,539	186,138,415
Current assets			
Cash resources	10	717,794	1,383,930
Investment securities	11	1,745,123	1,745,123
Interest receivable		164,061	75,950
Due from related party	12	123,626	124,094
Other receivables		800	800
Total current assets		2,751,404	3,329,897
Total assets		199,323,943	189,468,312
Equity and liabilities			
Accumulated deficit		(6,753,310)	(6,562,502)
Total equity		(6,753,310)	(6,562,502)
Non-current liabilities			
Due to a related party	13	191,186,012	181,101,323
Long-term debt, net of current portion	14	13,086,468	13,086,468
Total non-current liabilities		204,272,480	194,187,791
Current liabilities			
Accounts payable and accrued liabilities		37,750	76,000
Current portion of long-term debt	14	1,767,023	1,767,023
Total current liabilities		1,804,773	1,843,023
Total liabilities		206,077,253	196,030,814
Total equity and liabilities		199,323,943	189,468,312

The notes on pages 8 to 34 are an integral part of these financial statements.

APPROVED BY THE BOARD OF DIRECTORS AND SIGNED ON ITS BEHALF BY:

Director	Chairman	Director
Brian George	Godfred Pompey	Stephen Williams

PETROCARIBE ST. VINCENT AND THE GRENADINES LIMITED/
ST. VINCENT AND THE GRENADINES PETROCARIBE (SPECIAL PURPOSE) FUND
Statement of Profit or Loss and Comprehensive Income
For the year ended December 31, 2017
(Expressed in Eastern Caribbean Dollars)

	Notes	2017 $	2016 $
Interest income		142,785	196,154
General and administrative expenses	17	(333,593)	(702,071)
Operating loss, being total comprehensive loss		(190,808)	(505,917)
The following expense is included in the foregoing:			
Depreciation expense		40,295	10,388

The notes on pages 8 to 34 are an integral part of these financial statements.

PETROCARIBE ST. VINCENT AND THE GRENADINES LIMITED/
ST. VINCENT AND THE GRENADINES PETROCARIBE (SPECIAL PURPOSE) FUND
Statement of Change in Equity
For the year ended December 31, 2017
(Expressed in Eastern Caribbean Dollars)

	Retained earnings $
Balance as at January 1, 2016	(6,056,585)
Loss for the year being comprehensive loss	(505,917)
Balance as at December 31, 2016	(6,562,502)
Loss for the year being comprehensive loss	(190,808)
Balance as at December 31, 2017	(6,753,310)

The notes on pages 8 to 34 are an integral part of these financial statements.

PETROCARIBE ST. VINCENT AND THE GRENADINES LIMITED/
ST. VINCENT AND THE GRENADINES PETROCARIBE (SPECIAL PURPOSE) FUND
Statement of Cash Flows
For the year ended December 31, 2017
(Expressed in Eastern Caribbean Dollars)

	2017 $	2016 $
Cash flow from operating activities		
Total comprehensive loss for the year	(190,808)	(505,917)
Adjustments for:		
Depreciation expense	40,295	10,388
Loan written off	-	89,908
Interest income	(142,785)	(196,154)
Interest expense	-	429,569
Operating loss before working capital changes	(293,298)	(172,206)
Change in accounts payable and accrued liabilities	(38,250)	24,750
Change in loans and advances due from Government of St. Vincent and the Grenadines	(9,040,849)	(15,098,357)
Change in loans and advances due from public entity	(500,000)	(2,900,000)
Cash used in operating activities	(9,872,397)	(18,145,813)
Interest received	54,674	142,097
Interest paid	-	(498,216)
Net cash used in operating activities	(9,817,723)	(18,501,932)
Cash flow from investing activities		
Additions to property, plant and equipment	-	(215,098)
Change in loans and advances due from statutory corporations	(965,000)	(343,593)
Change in loans and advances due from other entity	31,430	23,572
Net cash used in investing activities	(933,570)	(535,119)
Cash flow from financing activities		
Additional due to a related party	10,084,689	19,277,541
Payments due to a related party	-	(1,129,614)
Payment of long-term debt	-	(1,110,098)
Change in due from related party	468	358
Net cash flow generated from financing activities	10,085,157	17,038,187
Net change in cash and cash equivalents	(666,136)	(1,998,864)
Cash and cash equivalents - beginning of year	1,383,930	3,382,794
Cash and cash equivalents - end of year	717,794	1,383,930

The notes on pages 8 to 34 are an integral part of these financial statements.

1. Reporting entity

PetroCaribe St. Vincent and the Grenadines Limited/PertoCaribe (Special Purpose) Fund (the Company) was incorporated on November 3, 2005 under the Companies Act of 1994. The business is principally engaged in the funding of social projects in St. Vincent and the Grenadines as mandated by PetroCaribe Agreement. Prior to January 2009 the company was engaged in the importation and the distribution of petroleum products. PDV St. Vincent and the Grenadines Limited, which is 45% owned by PetroCaribe St. Vincent and the Grenadines Limited, succeeded the company as of January 2009 to import and distribute petroleum products on the island.

During 2016, the PetroCaribe (Special Purpose) Fund Act has been established to be known as the Saint Vincent and the Grenadines PetroCaribe (Special Purpose) Fund (the Fund). The Company shall be responsible for the administration of the Fund. The purpose of the Fund is to provide the resources necessary to advance the social and economic programs of the public and private sectors of Saint Vincent and the Grenadines.

The Company's assets, liabilities and equities that were derived from the PetroCaribe Energy Co-operation agreement of June 29, 2005 were transferred to the PETROCARIBE (Special Purpose) Fund. The Fund was established by the St. Vincent and the Grenadines PETROCARIBE (Special Purpose) Fund Act of 2016. The purpose of the Fund is to provide the resources necessary to advance social and economic programs of the public and private sector in St. Vincent and the Grenadines. Under the Act PetroCaribe St. Vincent and the Grenadines Limited ("the Company") is responsible for the administration of the Fund.

2. Going concern

The Company has incurred losses from operations of $190,808 for the current year (2016: $505,917) which resulted to accumulated deficit and net asset deficiency of $6,753,310 as the December 31, 2017 (2016: $6,562,502). This condition indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The ability of the Company to continue as a going concern depends on the government of St. Vincent and the Grenadines undertaking to provide continuing financial support for the Company's operations for the ensuing year and envisaged that the future operations of the Company would not be curtailed in any significant way. The Company can depend upon the existing sources of finance remaining available to it in the form of loans from its financiers including a cash balance as at December 31, 2017 of $717,794.

The financial statements have been prepared under the assumption that the Company will continue as a going concern. Should the Company be unable to continue in operational existence in the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Company may have to reclassify noncurrent assets to current assets. No such adjustments have been made to these financial statements.

3. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

The financial statements were approved by the Directors on March 6, 2019.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Eastern Caribbean dollars, which is the Company's functional currency. All financial information presented in Eastern Caribbean dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the statement of earnings, except for differences arising on the retranslation of available-for-sale equity instruments or a financial liability designated as a hedge of the net investment in a foreign operation.

(b) Financial instruments

Financial assets and financial liabilities are recognized in the statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

Management determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every financial reporting date. The classification depends on the purpose for which the financial instruments are acquired and whether they are quoted in an active market.

The Company classifies its financial instruments in the following categories:

(i) Non-derivative financial assets

Financial assets at fair value through profit or loss
A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

4. **Significant accounting policies (cont'd)**

(b) **Financial instruments (cont'd)**

(i) **Non-derivative financial assets (cont'd)**

The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at FVTPL.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Company's management has the positive intention and ability to hold to maturity.

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initially recognition, they are measured at amortised cost using the effective interest method, less any impairment in value.

The Company's investment securities are classified as held-to-maturity investments.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They arise particularly from the provision of goods and services to customers (e.g. trade receivables) but also incorporate other types of contractual monetary assets. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment in value.

Loans and receivables are included in current assets if maturity is within twelve (12) months of the financial reporting date. Otherwise, these are classified as noncurrent assets.

Loans and receivables comprise cash and cash equivalents, loans and advances and due from a related party.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

4. Significant accounting policies (cont'd)

(b) Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Available-for-sale financial assets (cont'd)
These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in other comprehensive income and accumulated in the fair value reserve in equity. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

The Company does not have any financial asset under this category.

(ii) Non-derivative financial liabilities

Financial liabilities at fair value through profit or loss
A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short-term profit taking. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss.

The Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at FVTPL.

Other financial liabilities
This classification pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. Included in this category are liabilities arising from borrowings or operations.

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Accounts payable and accrued liabilities are obligations to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. It is necessary to estimate the amount and timing of accruals; however, the uncertainty is generally much less than for provisions.

Accounts payable and accrued liabilities are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

4. Significant accounting policies (cont'd)

(b) Financial instruments (cont'd)

(ii) Non-derivative financial liabilities

Other financial liabilities (cont'd)
Interest-bearing loans payable are initially recognized at transaction price, including transaction costs, directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest method, which ensures that any interest expense over the period of repayment is at a constant rate on the balance of the liability carried in the statement of financial position.

The Company classifies its interest-bearing loans payable as current liabilities if settlement is expected in one year or less, and the Company does not have unconditional right to defer settlement of the liabilities and does not breach any loan provisions on or before the end of the financial reporting period. If not, they are presented as noncurrent liabilities.

Other financial liabilities comprise accounts payable and accrued liabilities, long-term debt and due to a related party.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, 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 recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

4. Significant accounting policies (cont'd)

(c) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

Depreciation is recognised in profit or loss on the straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The annual rates used are as follows:

Building	-	5.55%
Furniture	-	25%
Equipment	-	20%

(d) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of earnings. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the statement of earnings.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of earnings. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

4. Significant accounting policies (cont'd)

(d) Impairment (cont'd)

(ii) Non-financial assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of earnings. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future 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 recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Income tax

The Company is exempt from income tax.

(f) Revenue recognition

Revenue arising from the use by others of Company's assets yielding interest is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

Interest income is recognised as it accrues on a time-proportion basis by reference to the principal outstanding and at the effective interest rate applicable.

(g) New standards and interpretations of, and amendments to, existing standards effective during the year

The accounting policies applied are consistent with those of the previous financial year, except for the following amendments to existing standards which were adopted from January 1, 2017. Except as otherwise indicated, the adoption of these amendments did not have significant impact on the Company's financial statements.

4. **Significant accounting policies (cont'd)**

(g) **New standards and interpretations of, and amendments to, existing standards effective during the year (cont'd)**

IAS 7 Disclosure Initiative - Amendments to IAS 7. The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. This amendment is effective for annual periods beginning on or after January 1, 2017.

The Company's financing activities only pertain to due to a related party and long-term debt, where information for the current period has been provided and disclosed in Notes 12 and 13, respectively.

(h) **New, revised and amended standards and interpretations not yet effective**

New standards and amendments issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and amendments issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt applicable standards when they become effective. Except when specified, these new standards and amendments to existing standards do not have any significant impact in the Company's financial statements.

IFRS 9, Financial Instruments, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

The Company is assessing the impact that this standard will have on its 2018 financial statements.

IFRS 15, Revenue From Contracts With Customers, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The Company is assessing the impact that this amendment will have on its 2018 financial statements.

PETROCARIBE ST. VINCENT AND THE GRENADINES LIMITED/
ST. VINCENT AND THE GRENADINES PETROCARIBE (SPECIAL PURPOSE) FUND
Notes to the Financial Statements
For the year ended December 31, 2017
(Expressed in Eastern Caribbean Dollars)

5. Property, plant and equipment

	Building	Computer equipment	Furniture	Equipment	Building under construction	Total
	$	$	$	$	$	$
Cost						
As at January 01, 2016	-	2,452	22,131	95,457	502,658	622,698
Additions	-	-	-	-	215,098	215,098
Reclassification	717,756	-	-	-	(717,756)	-
As at December 31, 2016	717,756	2,452	22,131	95,457	-	837,796
As at January 01, 2017	717,756	2,452	22,131	95,457	-	837,796
Additions	-	-	-	-	-	-
As at December 31, 2017	717,756	2,452	22,131	95,457	-	837,796
Accumulated depreciation						
As at January 01, 2016	-	2,452	20,667	95,457	-	118,576
Charge for the year	9,968	-	420	-	-	10,388
As at December 31, 2016	9,968	2,452	21,087	95,457	-	128,964
As at January 01, 2017	9,968	2,452	21,087	95,457	-	128,964
Charge for the year	39,875	-	420	-	-	40,295
As at December 31, 2017	49,843	2,452	21,507	95,457	-	169,259
Net book value						
As at January 01, 2016	-	-	1,464	-	502,658	504,122
As at January 01, 2017	707,788	-	1,044	-	-	708,832
As at December 31, 2017	667,913	-	624	-	-	668,537

The transfer of ownership of the land on which the building is constructed on is not finalized as at financial reporting date.

6. Loans and advances due from Government of St. Vincent and the Grenadines

	2017	2016
	$	$
Balance - beginning of year	104,677,488	89,576,131
Advances in current year	9,037,849	15,098,357
Repayment in current year	-	-
Balance at end of year	113,715,337	104,674,488

Loans and advances due from the Government are unsecured, non-interest bearing and have no stated repayment terms.

7. Loans and advances due from public sector entity

Loans and advances to International Airport Development Company Limited (IADC) taken over by the Government of St. Vincent and the Grenadines

		2017 $	2016 $
i.	Loan advanced on July 19, 2009 of EC$10 million with interest at the original rate of 6% per annum effective January 2, 2011. Revised interest rate of 0%. The loan is unsecured.	9,565,000	9,565,000
ii.	Loan advanced on August 25, 2009 of EC$8 million with interest at the original rate of 6% per annum effective January 2, 2011. Revised interest rate of 0%. The loan is unsecured.	8,000,000	8,000,000
iii.	Loan advanced on November 23, 2009 of EC$1 million with interest at the original rate of 6% per annum effective January 2, 2011. Revised interest rate of 0%. The loan is unsecured.	1,000,000	1,000,000
iv.	Loan advanced on March 2, 2010 of EC$1 million with interest at the original rate of 6% per annum effective March 1, 2011. Revised interest rate of 0%. The loan is unsecured.	1,000,000	1,000,000
v.	Loan of EC$7.8 million with interest at the original rate of 6% per annum effective September 14, 2015. Revised interest rate of 0%. The loan is unsecured.	7,800,000	7,800,000
vi.	Loan advanced on June 22, 2011 of EC$4 million with interest at the original rate of 6% per annum effective September 14, 2015. Revised interest rate of 0%. The loan is unsecured.	4,000,000	4,000,000
vii.	Loan advanced on August 17, 2011 of EC$3 million with interest at the original rate of 6% per annum effective December 2, 2013. Revised interest rate of 0%. The loan is unsecured.	3,000,000	3,000,000
viii.	Loan advanced on October 26, 2011 of EC$3.3 million with interest at the original rate of 3% per annum. Revised interest rate of 0%. The loan is unsecured	3,380,539	3,380,539
	Balance carried forward	**37,745,539**	**37,745,539**

7. Loans and advances due from public sector entity (cont'd)

Loans and advances to International Airport Development Company Limited (IADC) taken over by the Government of St. Vincent and the Grenadines (cont'd)

		2017 $	2016 $
	Balance brought forward	37,745,539	37,745,539
ix.	Loan advanced on April 25, 2012 of EC$2.05 million with interest at the original rate of 3% per annum effective October 25, 2012. Revised interest rate of 0%. The loan is unsecured	2,055,646	2,055,646
x.	Loan advanced on May 4, 2012 of EC$3.4 million with interest at the original rate of 3% per annum effective October 25, 2012. Revised interest rate of 0%. The loan is unsecured.	3,464,613	3,464,613
xi.	Loan advanced on August 3, 2012 of EC$3 million loan with interest at the original rate of 3% per annum effective October 25, 2012. Revised interest rate of 0%. The loan is unsecured.	3,096,484	3,096,484
xii.	Loan advanced on December 13, 2012 of EC$3.7 million loan with interest at the original rate of 3% per annum. Revised interest rate of 0%. The loan is unsecured.	3,693,444	3,693,444
xiii.	Loan advanced on February 2, 2012 of EC$2 million with interest at the original rate of 6% per annum effective February 1, 2013. Revised interest rate of 0%. The loan is unsecured.	2,000,000	2,000,000
xiv.	Loan advanced on April 30, 2013 of EC$1.8 million with interest at the original rate of 3% per annum effective January 2, 2015. Revised interest rate of 0%. The loan is unsecured.	1,850,000	1,850,000
xv.	Loan advanced on March 1, 2013 of EC$1.5 million with interest at the original rate of 6% per annum effective May 2, 2014. Revised interest rate of 0%. The loan is unsecured.	1,500,000	1,500,000
xvi.	Loan advanced on April 2, 2013 of EC$2.1 million with interest at the original rate of 6% per annum effective April 3, 2014. Revised interest rate of 0%. The loan is unsecured.	2,100,000	2,100,000
	Balance carried forward	57,505,726	57,505,726

7. Loans and advances due from public sector entity (cont'd)

Loans and advances to International Airport Development Company Limited (IADC) taken over by the Government of St. Vincent and the Grenadines (cont'd)

		2017 $	2016 $
	Balance brought forward	**57,505,726**	**57,505,726**
xvii.	Loan advanced on April 17, 2013 of EC$1 million with interest at the original rate of 6% per annum effective April 18, 2014. Revised interest rate of 0%. The loan is unsecured.	1,000,000	1,000,000
xviii.	Loan advanced on August 27, 2014 of EC$500,000 with interest at the original rate of 6% per annum effective August 25, 2015. Revised interest rate of 0%. The loan is unsecured.	500,000	500,000
xix.	Loan advanced on November 26, 2014 of EC$1,000,000 with interest at the original rate of 6% per annum effective November 26, 2016. Revised interest rate of 0%. The loan is unsecured.	1,000,000	1,000,000
xx.	Loan advanced on August 25, 2015 of EC$1,350,000 with interest at the original rate of 3% per annum effective August 24, 2016. Revised interest rate of 0%. The loan is unsecured.	1,350,000	1,350,000
xxi.	Loan advanced on November 4, 2015 of EC$1,000,000 with interest at the original rate of 6% per annum effective November 3, 2016. Revised interest rate of 0%. The loan is unsecured.	1,000,000	1,000,000
xxii.	Loan advanced on October 26, 2015 of EC$300,000 with interest at the original rate of 3% per annum effective October 25, 2016. Revised interest rate of 0%. The loan is unsecured.	300,000	300,000
xxiii.	Loan advanced on February 12, 2015 of EC$1,000,000 with interest at the original rate of 3% per annum effective February 11, 2016. Revised interest rate of 0%. The loan is unsecured.	1,000,000	1,000,000
xxiv.	Loan advanced on April 1, 2015 of EC$750,000 with interest at the original rate of 3% per annum effective March 30, 2016. Revised interest rate of 0%. The loan is unsecured.	750,000	750,000
	Balance carried forward	64,405,726	64,405,726

7. Loans and advances due from public sector entity (cont'd)

Loans and advances to International Airport Development Company Limited (IADC) taken over by the Government of St. Vincent and the Grenadines (cont'd)

		2017 $	2016 $
	Balance brought forward	64,405,726	64,405,726
xxv.	Loan advanced on May 13, 2015 of EC$1,000,000 with interest at the original rate of 3% per annum effective May 12, 2016. Revised interest rate of 0%. The loan is unsecured.	1,000,000	1,000,000
xxvi.	Loan advanced on May 18, 2015 of EC$1,000,000 with interest at the original rate of 3% per annum effective May 17, 2016. Revised interest rate of 0%. The loan is unsecured.	1,000,000	1,000,000
xxvii.	Loan advanced on June 4, 2015 of EC$1,250,000 with interest at the original rate of 2% per annum effective June 3, 2016. Revised interest rate of 0%. The loan is unsecured.	1,250,000	1,250,000
xxiii.	Loan advanced on June 25, 2015 of EC$750,000 with interest at the original rate of 3% per annum effective June 24, 2016. Revised interest rate of 0%. The loan is unsecured.	750,000	750,000
xxix.	Loan advanced on August 14, 2015 of EC$400,000 with interest at the original rate of 3% per annum effective August 13, 2016. Revised interest rate of 0%. The loan is unsecured.	400,000	400,000
xxx.	Loan advanced on October 15, 2015 of EC$1,000,000 with interest at the original rate of 3% per annum effective October 14, 2016. Revised interest rate of 0%. The loan is unsecured.	1,000,000	1,000,000
xxxi.	Loan advanced on December 3, 2015 of EC$500,000 with interest at the original rate of 3% per annum effective December 2, 2016. Revised interest rate of 0%. The loan is unsecured.	500,000	500,000
	Balance carried forward	70,305,726	70,305,726

7. **Loans and advances due from public sector entity (cont'd)**

Loans and advances to International Airport Development Company Limited (IADC) taken over by the Government of St. Vincent and the Grenadines (cont'd)

		2017 $	2016 $
	Balance brought forward	70,305,726	70,305,726
xxxii.	Loan advanced on January 19, 2016 of EC$500,000 with interest at the original rate of 3% per annum effective January 18, 2017. Revised interest rate of 0%. The loan is unsecured.	500,000	500,000
xxxiii.	Loan advanced on February 9, 2016 of EC$500,000 with interest at the original rate of 3% per annum effective February 8, 2017. Revised interest rate of 0%. The loan is unsecured.	500,000	500,000
xxxiv.	Loan advanced on February 23, 2016 of EC$500,000 with interest at the original rate of 3% per annum effective February 22, 2017. Revised interest rate of 0%. The loan is unsecured.	500,000	500,000
xxxv.	Loan advanced on May 17, 2016 of EC$350,000 with interest at the original rate of 3% per annum effective May 16, 2017. Revised interest rate of 0%. The loan is unsecured.	350,000	350,000
xxxvi.	Loan advanced on July 11, 2016 of EC$300,000 with interest at the original rate of 3% per annum effective July 10, 2017. Revised interest rate of 0%. The loan is unsecured.	300,000	300,000
xxxvii.	Loan advanced on August 2, 2016 of EC$250,000 with interest at the original rate of 3% per annum effective August 2, 2017. Revised interest rate of 0%. The loan is unsecured.	250,000	250,000
xxxiii.	Loan advanced on September 13, 2016 of EC$250,000 with interest at the original rate of 3% per annum effective September 12, 2017. Revised interest rate of 0%. The loan is unsecured.	250,000	250,000
xxxix.	Loan advanced on October 14, 2016 of EC$250,000 with interest at the original rate of 3% per annum effective October 13, 2017. Revised interest rate of 0%. The loan is unsecured.	250,000	250,000
	Balance carried forward	73,205,726	73,205,726

7. Loans and advances due from public sector entity (cont'd)

Loans and advances to International Airport Development Company Limited (IADC) taken over by the Government of St. Vincent and the Grenadines (cont'd)

		2017 $	2016 $
	Balance brought forward	73,205,726	73,205,726
xl.	Loan advanced on February 9, 2017 of EC$150,000 with interest at the original rate of 3% per annum effective February 8, 2018. Revised interest rate of 0%. The loan is unsecured.	150,000	-
xli.	Loan advanced on April 20, 2017 of EC$200,000 with interest at the original rate of 3% per annum effective April 19, 2018. Revised interest rate of 0%. The loan is unsecured.	200,000	-
xlii.	Loan advanced on November 11, 2017 of EC$150,000 with interest at the original rate of 3% per annum effective November 10, 2018. Revised interest rate of 0%. The loan is unsecured.	150,000	-
		73,705,726	73,205,726

The above loans and advances to the International Airport Development Company Limited (IADC) were taken over by the Government subsequent to the balance sheet date.

8. Loans and advances due from statutory corporations

	2017 $	2016 $
1. Roads, Building and General Services Authority		
(i) Loan advanced on September 26, 2011 of EC$5 million with interest at the rate of 3% per annum effective September 25, 2017. Loan is to be repaid within six years with payment on principal commencing March 25, 2017. This loan is due to mature on September 25, 2023. The loan is unsecured.	5,000,000	5,000,000
(ii) Loan advanced on March 20, 2017 of EC$40,000 with interest at the rate of 3% per annum effective March 19, 2018 with annual installments of EC$14,533.33. The loan is unsecured.	40,000	
2. Farmer Support Company Inc.		
(i) Loan advanced on March 1, 2015 of EC$250,000 with interest at the original rate of 2% per annum, effective March 1, 2016 with annual installments of EC$88,333. The loan is unsecured.	250,000	250,000
(ii) Loan advanced on April 1, 2015 of EC$250,000 with interest at the original rate of 2% per annum, effective March 30, 2016 with annual installments of EC$85,000. The loan is unsecured.	250,000	250,000
(iii) Loan advanced on June 8, 2015 of EC$200,000 with interest at the original rate of 2% per annum, effective June 7, 2016 with annual installments of EC$70,666. The loan is unsecured.	200,000	200,000
(iv) Loan advanced on August 14, 2015 of EC$150,000 with interest at the original rate of 2% per annum, effective August 13, 2016 with annual installments of EC$53,000. The loan is unsecured.	150,000	150,000
(v) Loan advanced on September 4, 2015 of EC$50,000 with interest at the original rate of 2% per annum, effective September 3, 2016 with annual installments of EC$17,667. The loan is unsecured.	50,000	50,000
(vi) Loan advanced on November 4, 2015 of EC$75,000 with interest at the original rate of 2% per annum, effective November 3, 2016 with annual installments of EC$26,500. The loan is unsecured.	75,000	75,000
(vii) Loan advanced on December 3, 2015 of EC$150,000 with interest at the original rate of 2% per annum, effective November 3, 2016 with annual installments of EC$70,666. The loan is unsecured.	150,000	150,000
Balance carried forward	6,165,000	6,125,000

8. Loans and advances due from statutory corporations (cont'd)

	2017 $	2016 $
Balance brought forward	6,165,000	6,125,000
2. Farmer Support Company Inc. (cont'd)		
(viii) Loan advanced on January 19, 2016 of EC$30,000 with interest at the original rate of 3% per annum, effective January 18, 2017 with annual installments of EC$10,900. The loan is unsecured.	30,000	30,000
(ix) Loan advanced on February 9, 2016 of EC$50,000 with interest at the original rate of 2% per annum, effective February 8, 2017 with installment of EC$17,666. The loan is unsecured.	50,000	50,000
(x) Loan advanced on April 1, 2016 of EC$40,000 with interest at the original rate of 2% per annum, effective February 8, 2017 with installment of EC$14,133. The loan is unsecured.	40,000	40,000
(xi) Loan advanced on August 25, 2016 of EC$13,685 with interest at the original rate of 3% per annum, effective August 24, 2017 with installment of EC$4,835. The loan is unsecured.	13,685	13,685
3. Housing and Loan Development Corporation		
(i) Loan advanced on March 1, 2015 of EC$130,000 with interest at the original rate of 2% per annum effective March 1, 2016 with annual installments of $EC41,823.23. The loan is unsecured.	130,000	130,000
(ii) Loan advanced on April 16, 2015 of EC$300,000 with interest at the original rate of 3% per annum effective April 15, 2016 with annual installments of EC$106,000. The loan is unsecured.	300,000	300,000
(iii) Loan advanced on June 4, 2015 of EC$500,000 with interest at the original rate of 2% per annum effective June 3, 2016 with annual installments of EC$176,667. The loan is unsecured.	500,000	500,000
(iv) Loan advanced on March 9, 2016 of EC$120,000 with interest at the original rate of 2% per annum effective March 8, 2017 with annual installments of EC$42,400. The loan is unsecured.	120,000	120,000
Balance carried forward	7,348,685	7,308,685

8. Loans and advances due from statutory corporations (cont'd)

	2017 $	2016 $
Balance brought forward	7,348,685	7,308,685
3. Housing and Loan Development Corporation		
(iii) Loan advanced on April 21, 2017 of EC$400,000 with interest at the original rate of 2% per annum effective April 20, 2018 with annual installments of EC$141,333.33. The loan is unsecured.	400,000	-
(iv) Loan advanced on June 19, 2017 of EC$150,000 with interest at the original rate of 2% per annum effective June 18, 2018 with annual installments of EC$53,000. The loan is unsecured.	150,000	-
(v) Loan advanced on August 28, 2017 of EC$150,000 with interest at the original rate of 2% per annum effective August 27, 2018 with annual installments of EC$53,000. The loan is unsecured.	150,000	-
(vi) Loan advanced on September 28, 2017 of EC$75,000 with interest at the original rate of 2% per annum effective September 27, 2018 with annual installments of EC$26,500. The loan is unsecured.	75,000	-
(vii) Loan advanced on October 30, 2017 of EC$75,000 with interest at the original rate of 2% per annum effective October 29, 2018 with annual installments of EC$26,500. The loan is unsecured.	75,000	-
(viii) Loan advanced on December 14, 2017 of EC$75,000 with interest at the original rate of 2% per annum effective October 29, 2018 with annual installments of EC$26,500. The loan is unsecured.	75,000	-
	8,273,685	7,308,685

9. Loans and advances due from other entity

	2017 $	2016 $
Jaden Inc Loan advanced on March 7, 2014 EC$270,000 with interest at the rate of 4% per annum effective April 30, 2014. The loan is to be repaid over a period of 10 years. The loan is secured by a second registered mortgage on a ship owned by the Company and assignment of issuance on ship. The loan has a maturity date of October 28, 2023.	209,254	240,684
	209,254	240,684

10. Cash resources

	2017 $	2016 $
Savings account	8,520	8,394
Current account	709,274	1,375,536
	717,794	1,383,930

11. Investment securities

	2017 $	2016 $
Bank of St. Vincent and the Grenadines		
2.5% fixed deposit, due October 19, 2018	845,123	845,123
2% fixed deposit, due April 30, 2018, this amount is restricted as it is pledged as cash collateral.	900,000	900,000
	1,745,123	1,745,123

12. Due from related party

	2017 $	2016 $
Due from PDV St. Vincent and the Grenadines Limited	123,626	124,094

Amounts due from related party is unsecured, non-interest bearing and has no stated repayment terms.

13. Due to a related party

PDV St. Vincent and the Grenadines Limited	2017 $	2016 $
Opening balance	181,101,323	162,953,396
Additions	10,084,689	19,277,541
Repayments	-	(1,129,614)
Due to PDV SVG Limited	191,186,012	181,101,323

Amount due from related party is unsecured, non-interest bearing and have no stated repayment terms.

14. Long-term debt

	2017 $	2016 $
Diesel	14,853,491	14,853,491
Less current portion of long-term debt	(1,767,023)	(1,767,023)
	13,086,468	13,086,468

Under the terms of the Petrocaribe Agreement, the Bolivarian Republic of Venezuela extends credit facilities on the basis of bilaterally fixed quotas. Financing on shipments of LPG and diesel is for a term of seventeen years with a two-year grace period. Short-term portions of invoices are due in ninety days. Financing at the above terms is conditional on the price per barrel of oil remaining below US$40. Should the price per barrel exceed US$40, the payment period shall be extended to twenty-five years, including the two-year grace period specified at 1% interest.

Interest is at the rate of 2% per annum on the cash (short-term) portion of shipments. If the price per barrel on shipments exceeds US$40, then interest on the financed (long-term) portion is at the rate of 1% per annum.

15. Related parties

(a) *Identification of related party*

A party is related to the Company if:

(i) Directly or indirectly the party:
- Controls, is controlled by, or is under common control with the Company.
- Has an interest in the Company that gives it significant influence over the Company or
- Has joint control over the Company.

(ii) The party is a member of the key management personnel of the Company

(iii) The party is a close member of the family of any individual referred to in (i) or (ii)

(iv) The party is a post-employment benefit plan for the benefit of employees of the Company or any entity that is a related party of the Company.

(b) *Related party transactions and balances*

A number of transactions have been entered into with related parties in the normal course of business.

This has resulted in the following:

	2017 $	2016 $
Loans and advances to the International Airport Development Company Limited	500,000	2,900,000
Advances from PDV St. Vincent and the Grenadines Limited	10,084,695	19,277,541
Loans and advances to the Government of St. Vincent and the Grenadines	9,040,848	15,098,357
Repayment of loans and advances from PDV St. Vincent and the Grenadines Limited	-	1,129,614

16. Financial instruments - fair values and risk management

(a) Fair value

The estimates of fair values presented herein are subjective in nature and do not necessarily indicate the amounts the Company could realize in current market exchange.

The Company's financial instruments are as follows:

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets at amortised cost				
Loans and receivables				
Cash resources	717,794	717,794	1,383,930	1,383,930
Loans and advances due from Government of St. Vincent and the Grenadines	113,715,337	113,715,337	104,674,488	104,674,488
Loans and advances due from public sector entity	73,705,736	73,705,736	73,205,726	73,205,726
Loans and advances due from statutory corporations	8,273,685	8,310,964	7,308,685	7,343,962
Loans and advances due from other entity	209,254	209,254	240,684	240,684
Held-to-maturity investments				
Investment securities	1,745,123	1,745,123	1,745,123	1,745,123
	198,366,929	198,366,929	188,558,636	188,558,636
Financial liabilities at amortised cost				
Other financial liabilities				
Accounts payable and accrued liabilities	37,750	37,750	76,000	76,000
Due to a related party	191,186,012	191,186,012	181,101,323	181,101,323
Long-term debt	14,853,491	14,853,491	14,853,491	14,853,491
	206,077,253	206,077,253	196,030,814	196,030,814

16. Financial instruments - fair values and risk management (cont'd)

(a) Fair value (cont'd)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash resources, loans and advances due from Government of St. Vincent and the Grenadines, loans and advances due from public sector entity, accounts payable and accrued liabilities: Due to the short-term nature of transactions, the fair values of these financial instruments approximate the carrying amounts as at financial reporting date.

Loans and advances due from statutory corporations and loans and advances due from other entity: The estimated fair values were determined based on the discounted cash flows using the present value factor as at financial reporting date.

Due to a related party and long-term debt: the fair values of these financial instruments approximate the carrying amounts as at financial reporting date.

(b) Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk (see (b) (ii))
- Liquidity risk (see (b) (iii))

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

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

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from loans.

The carrying amount of financial assets represents the maximum credit exposure.

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ST. VINCENT AND THE GRENADINES PETROCARIBE (SPECIAL PURPOSE) FUND
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16. Financial instruments - fair value and risk management (cont'd)

(b) Financial risk management (cont'd)

(ii) *Credit risk (cont'd)*

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

	Carrying amount	
	2017 $	2016 $
Loans and advances due from Government of St. Vincent and the Grenadines	113,715,337	104,674,488
Loans and advances due from public sector entity	73,705,726	73,205,726
Loans and advances due from statutory corporations	8,273,685	7,308,685
Loans and advances due from other entity	209,254	240,684
	195,904,002	185,429,583

(iii) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following were the contractual maturities of financial liabilities at year end:

	2017 $			
	Carrying amount $	Contractual cash flows $	Under 1 year $	Over 5 years $
Non-derivative financial liabilities				
Accounts payable and accrued liabilities	37,750	(37,750)	(37,750)	-
Due to a related party	191,186,012	(191,186,012)	-	(191,186,012)
Long-term debt	14,853,491	(14,853,491)	(1,767,023)	(13,086,468)
	206,077,253	(206,077,253)	(1,804,773)	(204,272,480)

PETROCARIBE ST. VINCENT AND THE GRENADINES LIMITED/
ST. VINCENT AND THE GRENADINES PETROCARIBE (SPECIAL PURPOSE) FUND
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16. Financial instruments - fair value and risk management (cont'd)

(b) Financial risk management (cont'd)

(iii) *Liquidity risk (cont'd)*

	2016 $			
	Carrying amount $	Contractual cash flows $	Under 1 year $	Over 5 years $
Non-derivative financial liabilities				
Accounts payable and accrued liabilities	76,000	(76,000)	(76,000)	-
Due to a related party	181,101,323	(181,101,323)	-	(181,101,323)
Long-term debt	14,853,491	(14,853,491)	(1,767,023)	(13,086,468)
	196,030,814	(196,030,814)	(1,843,023)	(194,187,791)

17. General and administrative expenses

	2017 $	2016 $
Accounting fee	10,495	1,012
Audit fees	18,500	18,500
Bank charges	770	1,562
Depreciation expense	40,295	10,388
Director fees	49,500	45,500
Donation	90,103	22,401
Interest expense	-	429,569
Loan written off	-	89,908
Meals and entertainment	1,119	882
Printing and stationery	4,249	611
Professional fees	37,575	25,875
Repairs and maintenance	543	-
Subvention to energy unit	80,444	55,683
Travel expense	-	180
	333,593	702,071

18. Subsequent events

Debt relief

Subsequent to the year end, on June 1, 2018 the amounts due under the PetroCaribe Energy Co-operation Agreement by the Government of St. Vincent and the Grenadines to the Government of Venezuela was reduced by 50%, this resulted in a debt relief of US$31,611,120 (EC$85,884,252). The debt relief was applied to reduce the loans and advances due from the Government of St. Vincent and the Grenadines, including loans and advances due from the International Airport Development Company Limited (IADC), which were subsequently taken over by the Government of St. Vincent and the Grenadines. The reduced liability by the Government of St. Vincent and the Grenadines to the Government of Venezuela was transferred to Banco de Alba as at that date.

Banking restrictions

The Company has been unable to make loan repayments and settle other liabilities due to PDV St. Vincent and the Grenadines due to banking restrictions between the corresponding bank, through which these payments were facilitated previously to Venezuela. As a result, the Company's liabilities are not being settled as required under the Co-operation agreement.