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

Financial Statements

For the year ended December 31, 2020
(With comparative figures for 2019)

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

Table of Contents

BDO

Tel: 784-456-2669
Tel: 784-456-1644
Fax: 784-456-1576
www.bdoecc.com

The Financial Services Centre
P.O. Box 561
Kingstown Park
St. Vincent and the Grenadines

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTOR OF AUDIT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PetroCaribe St. Vincent and the Grenadines Limited/St. Vincent and the Grenadines PetroCaribe (Special Purpose) Fund (the "Company"), set out on pages 4 to 26, which comprise the statement of financial position as at December 31, 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and of 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 *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' International Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in St. Vincent and the Grenadines, 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.

Emphasis of Matter

Going Concern

We draw attention to Note 2 of the financial statements, which indicates that the Company has incurred losses from operations of the current year of EC$109,256 (2019: EC$180,444), and accumulated deficit at the end of the financial year amounting to $7,229,862 (2019: EC$7,120,606). As stated in Note 2, these events, or conditions, along with other matters as set forth 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 of the Company as they become due.

Coronavirus Outbreak

We draw attention to Note 19 of the financial statements, events after the reporting date, which describes the uncertainty related to the Coronavirus outbreak. Our opinion is not modified in respect of this matter.

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

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.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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.

BDO Eastern Caribbean
Kingstown, St. Vincent and the Grenadines
February 13, 2023

PETROCARIBE ST. VINCENT AND THE GRENADINES LIMITED/
ST. VINCENT AND THE GRENADINES PETROCARIBE (SPECIAL PURPOSE) FUND
Statement of Financial Position
As at December 31, 2020
With comparative figures as at December 31, 2019
(Expressed in Eastern Caribbean Dollars)

	Notes	2020 $	2019 $
Assets			
Property and equipment	5	5,016,979	5,082,540
Loans and advances due from other entity	6	-	110,775
Total non-current assets		5,016,979	5,193,315
Current assets			
Cash resources	7	654,493	601,152
Investment securities	8	1,760,873	1,745,123
Interest receivable		11,174	13,597
Other receivables		800	800
Total current assets		2,427,340	2,360,672
Total assets		7,444,319	7,553,987
Equity and liabilities			
Contributed capital	9	14,641,846	14,641,846
Accumulated deficit		(7,229,862)	(7,120,606)
Total equity		7,411,984	7,521,240
Non-current liabilities			
Due to a related party	10	135	-
Total non-current liabilities		135	-
Current liability			
Accounts payable and accrued liabilities		32,200	32,747
Total current liability		32,200	32,747
Total liabilities		32,335	32,747
Total equity and liabilities		7,444,319	7,553,987

The notes on pages 8 to 26 are an integral part of these financial statements.

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

Director   Chairman   Director

PETROCARIBE ST. VINCENT AND THE GRENADINES LIMITED/
ST. VINCENT AND THE GRENADINES PETROCARIBE (SPECIAL PURPOSE) FUND
Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2020
With comparative figures for the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

	Notes	2020 $	2019 $
Interest income		31,605	42,175
General and administrative expenses	12	(140,861)	(222,619)
Net loss being comprehensive loss for the year		(109,256)	(180,444)
The following expense is included in the foregoing:			
Depreciation expense	5	65,561	52,827

The notes on pages 8 to 26 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 Changes in Equity
For the year ended December 31, 2020
With comparative figures for the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

	Contributed capital $	Retained earnings $	Total $
Balance as at January 1, 2019	354,050	(6,940,162)	(6,586,112)
Additional contributed capital	14,287,796	-	14,287,796
Loss for the year being comprehensive loss	-	(180,444)	(180,444)
Balance as at December 31, 2019	14,641,846	(7,120,606)	7,521,240
Loss for the year being comprehensive loss	-	(109,256)	(109,256)
Balance as at December 31, 2020	14,641,846	(7,229,862)	7,411,984

The notes on pages 8 to 26 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, 2020
With comparative figures for the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

	Notes	2020 $	2019 $
Cash flow from operating activities			
Total comprehensive loss for the year		(109,256)	(180,444)
Adjustments for:			
Bad debts expense	12	-	12,075
Depreciation expense	5, 12	65,561	52,827
Interest income		31,605	(42,175)
Operating loss before working capital changes		(12,090)	(157,717)
Change in accounts payable and accrued liabilities		(547)	4,248
Change in loans and advances due from Government of St. Vincent and the Grenadines		110,775	(589,893)
Cash used in operating activities		98,138	(743,362)
Interest received		(29,182)	42,230
Net cash flow generated from (used in) operating activities		68,956	(701,132)
Cash flow from investing activities			
Change in short-term investments	8	(15,750)	15,750
Change in loans and advances due from other entity	6	-	49,429
Net cash flow (used in) generated from investing activities		(15,750)	65,179
Cash flow from financing activities			
Change due to a related party	10	135	-
Change in due from related party		-	824,027
Net cash flow generated from financing activities		135	824,027
Net change in cash and cash equivalents		53,341	188,074
Cash and cash equivalents - beginning of year		601,152	413,078
Cash and cash equivalents - end of year	7	654,493	601,152
Supplemental statement of cashflows information:			
Significant non-cash investing and financing transactions:			
Additions to property and equipment through capital contribution		-	(4,153,035)
Conversion of loans and interest receivable to contributed capital		-	118,012,948
Conversion of due from related party to contributed capital		-	(113,294,218)
Conversion of long-term debt to contributed capital		-	(14,853,491)
Increase in contributed capital		-	14,287,796
		-	-

The notes on pages 8 to 26 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 2017, the PetroCaribe (Special Purpose) Fund Act has been established to be known as the Saint Vincent and the Grenadines PetroCaribe (Special Purpose) Fund. The Company under the Act may 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.

2. Going concern

The Company has incurred losses from operations of the current year of EC$109,256 (2019: EC$180,444), and accumulated deficit at the end of the financial year amounting to EC$7,229,862 (2019: EC$7,120,606). 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 venturers' 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, 2020 of EC$654,493 (2019: EC$601,152).

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 February 8, 2023.

(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.

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

(a) **Foreign currency transactions (cont'd)**

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**

The Company recognises a financial asset or financial liability on its statement of financial position using the settlement date method. Accordingly, a financial asset or a financial liability is recognised on the date of receipt or delivery to or by the Company.

The Company's financial instruments are carried at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Where an active market exists, market price is used as the best evidence of the fair value of a financial instrument. Where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the reporting date. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates.

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

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

Amortised cost
These incorporated 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.

The Company's financial assets measured at amortised cost comprise investment securities, loans and advances due from Government of St. Vincent and the Grenadines, public sector entities, statutory corporation and other entity, due from related parties, and cash resources.

Cash resources include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts.

Fair value through other comprehensive income (FVTOCI)
On initial recognition of a debt or equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. They are carried at fair value with changes in fair value recognised in other comprehensive income.

For debt investments, interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(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.

4. Significant accounting policies (cont'd)

(b) Financial instruments (cont'd)

(ii) Non-derivative financial liabilities (cont'd)

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.

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.

(c) Property and equipment

(i) Recognition and measurement

Items of property 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 and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

4. Significant accounting policies (cont'd)

(c) Property and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property 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 and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property 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.

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 and equipment. The annual rates used are as follows:

Building	-	2 - 5.55%
Furniture	-	15%
Equipment	-	20%
Computer equipment	-	33%

(d) Impairment

(i) Financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures which are credit impaired or for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

4. Significant accounting policies (cont'd)

(d) Impairment (cont'd)

(i) Financial assets (cont'd)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

Based on the above process, the Company classifies its ECLs into Stage 1, Stage 2 and Stage 3.

Stage 1
When financial assets are first recognised, the Company recognises an allowance based on 12 months ECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial assets have been reclassified from Stage 2.

Stage 2
When financial assets have shown a significant increase in credit risk since origination, the Company records an allowance for the Lifetime ECLs. Stage 2 also include facilities, where the credit risk has improved, and financial assets have been reclassified from Stage 3.

Stage 3
Financial assets considered credit-impaired. Here the Company records an allowance for the Lifetime ECLs.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the asserted period, if the facility has not been previously derecognised and is still in the portfolio.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date including repayments of principal and interest, whether scheduled by contract or otherwise.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and the cash flows expected to be received. It is usually expressed as a percentage of the EAD.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument.

Calculation of ECLs

4. Significant accounting policies (cont'd)

(d) Impairment (cont'd)

(i) Financial assets (cont'd)

Stage 1
The ECL is calculated as the portion of lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12 month default probabilities are applied to a forecast EAD and multiplied by the expected LGD.

Stage 2
When financial assets have shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the loan.

Stage 3
For financial assets considered credit-impaired, the Company recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets.

Investment securities

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve, for instruments at FVOCI, is reclassified to profit or loss. If the fair value of an impaired debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

Impairment of other financial assets

Cash resources
The Company's cash at bank are deposits placed with reputable institution where there has been no significant default. The Company therefore considers the risk of default to be low. The ECLs on these instruments were therefore determined to be zero.

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

(d) **Impairment (cont'd)**

(i) **Financial assets (cont'd)**

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when 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 if it neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control over the transferred financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any cumulative gains or losses recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

(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.

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.

4. Significant accounting policies (cont'd)

(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, 2020. Except as otherwise indicated, the adoption of these amendments did not have significant impact on the Company's financial statements.

- *IFRS 16 - Leases.* The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease.

  IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

  A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant, and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability. The depreciation would usually be on a straight-line basis. In the statement of cash flows, a lessee separates the total amount of cash paid into principal (presented within financing activities) and interest (presented within either operating or financing activities) in accordance with IAS 7.

  IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

  IFRS 16 has the following transition provisions:
  - Existing finance leases: continue to be treated as finance leases.
  - Existing operating leases: option for full or limited retrospective restatement to reflect the requirements of IFRS 16.

  IFRS 16 replaces IAS 17 effective 1 January 2020, with earlier application permitted.

  The amendment has no significant impact in the 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)

- *Amendments to IFRS 9 - Prepayment Features with Negative Compensation.* It amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

  The amendments are to be applied retrospectively for fiscal years beginning on or after 1 January 2020, i. e. one year after the first application of IFRS 9 in its current version. Early application is permitted so entities can apply the amendments together with IFRS 9 if they wish so. Additional transitional requirements and corresponding disclosure requirements must be observed when applying the amendments for the first time.

  The amendment has no significant impact in the financial statements.

- *Amendments to IFRS 9 - Prepayment Features with Negative Compensation.* It amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

  The amendments are to be applied retrospectively for fiscal years beginning on or after 1 January 2020, i. e. one year after the first application of IFRS 9 in its current version. Early application is permitted so entities can apply the amendments together with IFRS 9 if they wish so. Additional transitional requirements and corresponding disclosure requirements must be observed when applying the amendments for the first time.

  The amendment has no significant impact in the financial statements.

(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.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

4. Significant accounting policies (cont'd)

(h) New, revised and amended standards and interpretations not yet effective (cont'd)

- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment - Definition of Material)
- IFRS 3 *Business Combinations* (Amendment - Definition of Business)
- Revised Conceptual Framework for Financial Reporting *IFRS 17 Insurance Contracts (effective 1 January 2021) - In June 2020, the IASB issued an exposure draft to amend IFRS 17, including a deferral of its effective date to 1 January 2022. At the time of writing, these amendments had not been finalised.*

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

5. Property and equipment

	Land $	Building $	Computer equipment $	Furniture $	Equipment $	Total $
Cost						
As at January 01, 2019	354,050	717,756	2,452	22,131	95,457	1,191,846
Additions	2,868,250	1,284,785	-	-	-	4,153,035
As at December 31, 2019	3,222,300	2,002,541	2,452	22,131	95,457	5,344,881
As at January 01, 2020	3,222,300	2,002,541	2,452	22,131	95,457	5,344,881
Additions	-	-	-	-	-	-
As at December 31, 2020	3,222,300	2,002,541	2,452	22,131	95,457	5,344,881
Accumulated depreciation						
As at January 01, 2019	-	89,678	2,452	21,927	95,457	209,514
Charge for the year	-	52,683	-	144	-	52,827
As at December 31, 2019	-	142,361	2,452	22,071	95,457	262,341
As at January 01, 2020	-	142,361	2,452	22,071	95,457	262,341
Charge for the year	-	65,531	-	30	-	65,561
As at December 31, 2020	-	207,892	2,452	22,101	95,457	327,902
Net book value						
As at January 01, 2019	354,050	628,078	-	204	-	982,332
As at December 31, 2019	3,222,300	1,860,180	-	60	-	5,082,540
As at December 31, 2020	3,222,300	1,794,649	-	30	-	5,016,979

Conveyance of Land
On June 19, 2019, ownership of four parcels of land and accompanying buildings situated at Campden Park has been conveyed by way of donation from National Properties Limited to PetroCaribe Saint Vincent and the Grenadines, ensuring proper title of ownership of land on which the Company's building was constructed on. The National Properties Limited is wholly owned by the Government of St. Vincent and the Grenadines and is a related party.

6. Loans and advances due from other entity

	2020 $	2019 $
Jaden Inc Loan advanced on March 7, 2014 EC$270,000 with interest at the rate of 4% per annum effective April 30, 2014. Loan is to be repaid over a period of 10 years. The loan is secured by a mortgage debenture with a maturity date of October 28, 2023.	-	110,775
	-	110,775

7. Cash resources

	2020 $	2019 $
Savings account	425,198	409,563
Current account	229,295	191,589
	654,493	601,152

The cash resources are non-interest bearing and held in Bank of St. Vincent and the Grenadines in Eastern Caribbean currency.

8. Investment securities

	2020 $	2019 $
At amortised cost		
Bank of St. Vincent and the Grenadines		
Fixed deposit, interest rate 1.5% (2019: 1.85%) per annum, maturity date April 30, 2021	845,123	845,123
Fixed deposit, interest rate 1.5% (2019: 1.75%) per annum, maturity date October 19, 2021, this amount is restricted as it is pledged as cash collateral.	915,750	900,000
	1,760,873	1,745,123

9. Contributed capital

	2020 $	2019 $
Opening balance	14,641,846	354,050
Additional contributions	-	4,153,035
	-	4,507,085
Loans receivable taken over by Central Government (notes 6,7 and 8)	-	(117,877,7
Interest receivable on loans taken over by Central Government	-	(135,248)
Liabilities taken over by Central Government (note 13 and 14)	-	128,147,7
	14,641,846	14,641,84

9. Contributed capital (cont'd)

The beginning balance represents contributions from the Government of St. Vincent and the Grenadines towards the equity of the Company. The Government of St. Vincent and the Grenadines contributed in the form of land, which was transferred to the Company with carrying amount of $354,050.

Additional contributed capital of $4,153,035 transferred in June 2019 represents the total carrying amount of four parcels of land and buildings conveyed from the Government of St. Vincent and the Grenadines, see note 5.

10. Due to a related party

PDV Saint Vincent and the Grenadines Limited

	2020 $	2019 $
Opening balance	-	112,470,191
Additions	135	824,027
Due to PDV Saint Vincent and the Grenadines Limited	135	113,294,218
Balance taken over by Central Government	-	(113,294,218)
	135	-

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

During 2019, 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. The remaining liability by the Government of St. Vincent and the Grenadines to the Government of Venezuela was transferred to Banco de Alba.

The above due to related party was taken over by the Government of St. Vincent and the Grenadines effective January 1, 2019.

11. 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.

11. Related parties (cont'd)

(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:

	2020 $	2019 $
Advances from PDV Saint Vincent and the Grenadines Limited	-	824,027
Loans and advances to the Government of St. Vincent and the Grenadines	-	589,893

12. General and administrative expenses

	2020 $	2019 $
Accounting fee	2,960	2,583
Audit fees	18,500	18,500
Bad debt	-	12,075
Bank charges	50	105
Depreciation expense	65,561	52,827
Director fees	12,000	50,000
Donation	4,038	-
Meals and entertainment	136	319
Printing and stationery	2,816	1,345
Professional fees	34,800	34,800
Subvention to energy unit	-	50,065
	140,861	222,619

13. 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:

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets at amortised cost				
Cash resources	654,493	654,493	601,152	601,152
Loans and advances due from other entity	-	-	110,775	110,775
Held-to-maturity investments				
Investment securities	1,760,873	1,760,873	1,745,123	1,745,123
	2,415,366	2,415,366	2,457,050	2,457,050
Financial liabilities at amortised cost				
Other financial liabilities				
Accounts payable and accrued liabilities	32,200	32,200	32,747	32,747
Due to a related party	135	135	-	-
	32,335	32,335	32,747	32,747

13. 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 entities, 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.

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

	Carrying amount	
	2020	2019
	$	$
Loans and advances due from other entity	-	110,775
	-	110,775

13. Financial instruments - fair value and risk management (cont'd)

(b) Financial risk management (cont'd)

(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:

2020
$

	Carrying amount $	Contractual cash flows $	Under 1 year $	Over 5 years $
Non-derivative financial liabilities				
Accounts payable and accrued liabilities	32,200	(32,200)	(32,200)	-
Due to related parties	135	(135)	(135)	-
	32,335	(32,335)	(32,335)	-

2019
$

	Carrying amount $	Contractual cash flows $	Under 1 year $	Over 5 years $
Non-derivative financial liabilities				
Accounts payable and accrued liabilities	32,747	(32,747)	(32,747)	-
	32,747	(32,747)	(32,747)	-

14. Transfer of borrowings, loans, and advances to Central Government

Effective January 1, 2019, Cabinet granted approval for the Government of St. Vincent and the Grenadines to take over all debt servicing obligations of the Company in respect of long-term and short-term borrowings due to PDV Saint Vincent and the Grenadines Limited and the Government of the Bolivian Republic of Venezuela. As a result, these borrowings were transferred to Central Government effective January 1, 2019. Central Government also assume responsibility for all loans and advances due to PetroCaribe St. Vincent and the Grenadines Limited/St. Vincent and the Grenadines PetroCaribe (special Purpose) Fund, from the Government of St. Vincent and the Grenadines, Public Sector Entities and Statutory Corporations effective January 1, 2019.

15. Events after the reporting dates

Coronavirus outbreak

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic. The global impact of the outbreak has been rapidly evolving and resulted in many countries instituting quarantines and restrictions on travel and limiting hours of operations for non-essential offices. Such actions have resulted in disruption in global supply chains and is adversely impacting a number of industries in which the Company's stakeholders operate. This situation has presented material uncertainty and risk if the global response to contain COVID-19 escalates.

The extent of COVID-19's effect on the Company's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. Nevertheless, the Company could experience adverse effect on its business, financial condition, results of operations and cash flows, which may be due to negative impacts to customers and investees inability to fulfill their financial commitments, decrease in values of its investment portfolio, changes in law and/or regulation, and uncertainty regarding government and regulatory policy. Petrocaribe St. Vincent and the Grenadines Limited/St. Vincent and the Grenadines Petrocaribe (Special Purpose) Fund is currently unable to reasonably estimate the overall impact of COVID-19 on its business and financial results.