HERITAGE PETROLEUM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2021
(Presented in Thousands of Trinidad and Tobago Dollars)

Ernst & Young Services Limited

Building a better working world

HERITAGE PETROLEUM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF HERITAGE PETROLEUM COMPANY LIMITED AND ITS SUBSIDIARIES

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Heritage Petroleum Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 September 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' ("IESBA"), International Code of Ethics for Professional Accountants (including International Independence Standards) ("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.

Emphasis of Matter - Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Parent company (Trinidad Petroleum Holdings Limited) has not complied with certain covenants of loan agreements of which the Group is a guarantor. Management's evaluation of the events and conditions and management's plans regarding these matters are described in Note 2. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF HERITAGE PETROLEUM COMPANY LIMITED AND ITS SUBSIDIARIES

Report on the Audit of the Consolidated Financial Statements
(Continued)

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF HERITAGE PETROLEUM COMPANY LIMITED AND ITS SUBSIDIARIES

Report on the Audit of the Consolidated Financial Statements
(Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
(Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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.

EY

Port of Spain,
TRINIDAD:
22 April 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021
(Presented in Thousands of Trinidad and Tobago Dollars)

Assets	Notes	2021 $	2020 $
Non-current assets			
Oil and gas properties and exploration and evaluation assets	5	4,013,896	4,705,432
Other property, plant and equipment and intangible assets	6	659,026	673,611
Right of use assets	7	7,497	6,531
Investment in associate	8	–	2,148
Other non-current financial assets	11	35,317	33,203
Cash in escrow	12	290,446	267,098
Deferred tax assets	13	1,739,394	1,843,293
		6,745,576	7,531,316
Current assets			
Inventories	14	317,162	310,010
Trade and other receivables	15	524,468	325,079
Due from related parties	16	1,933,908	128,854
Other current financial assets	11	7,196	13,525
Income taxes recoverable	10	177	148,991
Restricted cash - debt service reserve	32c	177,276	177,692
Short-term investment	17	156,284	156,239
Cash and cash equivalents	18	2,070,986	1,100,731
		5,187,457	2,361,121
Assets held for sale	19	300,314	304,130
		5,487,771	2,665,251
Total assets		12,233,347	10,196,567

The accompanying notes form an integral part of these consolidated financial statements.

HERITAGE PETROLEUM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021
(Presented in Thousands of Trinidad and Tobago Dollars)

	Notes	2021 $	2020 $
Equity attributable to owners of the parent			
Capital and reserves			
Stated capital	20	–	–
Retained earnings		3,110,904	2,428,067
Consolidated reserve	22	(237,366)	(237,366)
Currency translation differences	23	(148,479)	(116,671)
		2,725,059	2,074,030
Non-controlling interests		(60,456)	(60,370)
Total equity		2,664,603	2,013,660
Non-current liabilities			
Decommissioning provision	24	4,608,446	5,221,640
Lease liabilities	7	7,103	5,988
Trade and other payables	25	34,953	15,765
Deferred tax liabilities	13	2,339,417	1,814,672
		6,989,919	7,058,065
Current liabilities			
Trade and other payables	25	723,463	600,165
Lease liabilities	7	1,853	1,615
Due to related parties	16	520,778	197,961
Current tax liabilities		495,940	–
Borrowings	21	321,139	321,540
Decommissioning provision	24	–	3,561
		2,063,173	1,124,842
Liabilities directly associated with the assets held for sale	19	515,652	–
		2,578,825	1,124,842
Total liabilities		9,568,744	8,182,907
Total equity and liabilities		12,233,347	10,196,567

The accompanying notes form an integral part of these consolidated financial statements.

On 22 April 2022, the Board of Directors of Heritage Petroleum Company Limited authorised these consolidated financial statements for issue.

_______________ Director _______________ Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021
(Presented in Thousands of Trinidad and Tobago Dollars)

	Notes	2021 $	2020 $
Revenue from contracts with customers	26	6,827,022	4,739,793
Cost of sales	27	(4,419,031)	(3,117,817)
Gross profit		2,407,991	1,621,976
Other operating income	28	27,545	16,492
Impairment on oil and gas properties and exploration and evaluation assets	5	(58,769)	(9,011)
Impairment on assets held for sale	19	–	(184,935)
Administrative expenses	27	(179,390)	(186,660)
Operating profit		2,197,377	1,257,862
Share of (loss)/profit of associates accounted for using the equity method, net of tax	8	(357)	734
Net finance costs	29	(241,965)	(266,697)
Profit before taxation		1,955,055	991,899
Taxation (expense)/credit	31	(1,272,374)	25,961
Profit for the year		682,681	1,017,860
Other comprehensive income			
Items that would not be reclassified to profit or loss			
Currency translation differences		(31,738)	(5,920)
Total comprehensive income for the year		650,943	1,011,940

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021
(Presented in Thousands of Trinidad and Tobago Dollars)
(Continued)

	2021 $	2020 $
Profit attributable to:		
Equity holders of the parent	682,837	1,017,548
Non-controlling interests	(156)	312
	682,681	1,017,860
Total comprehensive income attributable to:		
Equity holders of the parent	651,029	1,011,743
Non-controlling interests	(86)	197
	650,943	1,011,940

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021
(Presented in Thousands of Trinidad and Tobago Dollars)

	Stated capital $	Retained earnings $	Consolidated reserve $	Currency translation differences $	Non-controlling interests $	Total $
Year ended 30 September 2021						
Balance at 1 October 2020	–	2,428,067	(237,366)	(116,671)	(60,370)	2,013,660
Profit for the year	–	682,837	–	–	(156)	682,681
Other comprehensive income/(loss) for the year	–	–	–	(31,808)	70	(31,738)
Total comprehensive income/(loss) for the year	–	682,837	–	(31,808)	(86)	650,943
Balance as at 30 September 2021	**–**	**3,110,904**	**(237,366)**	**(148,479)**	**(60,456)**	**2,664,603**
Year ended 30 September 2020						
Balance at 1 October 2019	–	1,410,519	(237,366)	(110,866)	(60,567)	1,001,720
Profit for the year	–	1,017,548	–	–	312	1,017,860
Other comprehensive loss for the year	–	–	–	(5,805)	(115)	(5,920)
Total comprehensive income/(loss) for the year	–	1,017,548	–	(5,805)	197	1,011,940
Balance as at 30 September 2020	**–**	**2,428,067**	**(237,366)**	**(116,671)**	**(60,370)**	**2,013,660**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021
(Presented in Thousands of Trinidad and Tobago Dollars)

	Notes	2021 $	2020 $
Operating activities			
Profit before taxation		1,955,055	991,899
Adjustments to reconcile profit to net cash from operating activities:			
Depreciation, depletion and amortisation	5, 6, 7	493,789	542,333
Impairment on oil and gas properties	5	58,769	9,011
Impairment on assets held for sale	19	–	184,935
Loss on disposal		349	–
Change in decommissioning provision	24	(19,752)	(74,665)
Finance cost – unwinding of decommissioning provision	24	240,287	268,602
Finance cost – leases	7	540	424
Finance income		(415)	(6,332)
Supplemental petroleum tax		293,626	–
Increase in cash in escrow		(23,348)	(46,189)
Increase in trade and other receivables		(199,389)	(33,659)
(Increase)/decrease in inventory		(7,152)	62,767
Increase in due from related parties		(127,644)	(74,364)
Increase/(decrease) in due to related parties		379,893	(63,666)
Increase in trade and other payables		142,486	72,259
		3,187,094	1,833,355
Taxes paid		(293,626)	(150,450)
Net cash generated from operating activities		2,893,468	1,682,905
Investing activities			
Change in investment in associate	8	357	(734)
Proceeds from disposal of asset held for sale	19	307,246	–
Investment in financial assets		(7,872)	(47,855)
Repayment on advances	11a	11,965	1,127
Investment in assets held for sale	19	(267,597)	(286,576)
Purchase of oil and gas properties and exploration and evaluation assets	5	(164,517)	(195,456)
Purchase of other property, plant and equipment and intangible assets	6	(66,016)	(17,924)
Net cash used in investing activities		(186,434)	(547,418)
Financing activities			
Cash payment on leases	7	(2,052)	(295)
Change in debt service reserve	32c	416	(1,644)
Net movement in related parties		(1,734,486)	(1,017,990)
Net cash used in financing activities		(1,736,122)	(1,019,929)
Currency translation differences relating to cash and cash equivalents		(657)	(5,084)
Net increase in cash and cash equivalents		970,912	115,558
Cash and cash equivalent at the beginning of the year		1,100,731	990,257
Cash and cash equivalents, at end of year	18	2,070,986	1,100,731

The accompanying notes form an integral part of these consolidated financial statements.

1. Incorporation and principal activity

Heritage Petroleum Company Limited ("Heritage") was incorporated in the Republic of Trinidad and Tobago on 5 October 2018. Heritage is primarily engaged in exploration, development, production and marketing of crude oil. The sole shareholder is Trinidad Petroleum Holdings Limited (TPHL). The ultimate parent is the Government of the Republic of Trinidad and Tobago (GORTT). The registered office is 9 Queen's Park West, Port of Spain, Trinidad and Tobago, West Indies. Heritage Petroleum Company Limited and its consolidated subsidiaries ("the Group") operate in Trinidad and Tobago and the United Kingdom. A listing of the Group's associate and subsidiaries is detailed in Notes 8 and 9 respectively.

Prior to Heritage's formation, its exploration and production activities were conducted by a related party, Petroleum Company of Trinidad and Tobago Limited (Petrotrin). Petrotrin undertook a restructuring in 2018 and by virtue of the Miscellaneous Provisions (Heritage Petroleum Company Limited, Paria Fuel Trading Company Limited (Paria), Guaracara Refining Company Limited (Guaracara) Vesting) Bill, 2018 ('Vesting Act"); effective 1 December 2018, Petrotrin's assets relative to exploration and production (E&P), were vested in Heritage Petroleum Company Limited. Petrotrin's assets related to terminalling and refinery operations were vested to Paria and Guaracara respectively. The associated decommissioning and dismantlement obligations in respect of E&P, terminalling and refining operations were also transferred to the respective entities. As a result, Heritage's opening assets and liabilities originated as a result of the above, with the corresponding liability due to Petrotrin. The carrying amounts of the assets and liabilities were accounted for using the predecessor values method because they arose from a common-control transaction. The ultimate ownership of Heritage is with Corporation Sole, the same as before the restructuring described above.

2. Basis of preparation and other significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of consolidated financial statements.

a. Basis of preparation

(i) Compliance with IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

2. Basis of preparation and other significant accounting policies (continued)

a. Basis of preparation (continued)

(ii) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes the Group will be able to meet its legal and financial obligations. The validity of the going concern basis is dependent on finances being available for the continuing working capital requirements of the Group for the foreseeable future, being a period of at least twelve months from the reporting date of the consolidated financial statements.

The ongoing operations of the Group are dependent on its ability to utilise effectively its cash reserves and the directors recognize that the continuing operations of the Group requires the optimisation of planned activities to preserve cash.

Heritage (as well as Paria and Guaracara) is a Guarantor of the parent company's, (TPHL's), senior secured and unsecured debt obligations. Collectively, Heritage, TPHL, Paria and Guaracara are the Loan Parties.

TPHL and the Guarantors are currently in default of certain covenants of the Credit Agreement and Indenture.

The directors and management have been advised that the Loan Parties, in consultation with the Administrative Agent of the Lenders, have been working on a plan to address such defaults with the Lenders by applying for waivers and consents or considering a refinancing that would address these issues. Management has concluded a Request for Proposal (RFP) process as part of the TPHL Group Refinancing currently being undertaken. The refinancing is expected to be completed within twelve months of the approval of these consolidated financial statements. The Group believes that these waivers and consents will be granted by the Lenders as part of this refinancing. The Loan Parties already have worked with the Lenders to successfully execute a waiver in 2020 for similar previous events of default under the Credit Agreement. With this precedent, combined with the positive nature of discussions between the Loan Parties and the Lenders to date, the directors and management are of the view that there is a strong likelihood that the execution of the waivers for the current events of default, is expected within twelve months of the approval of these consolidated financial statements either independently or as part of a refinancing.

TPHL and the Guarantors, through their quarterly compliance reporting process have kept the Administrative Agent of the lenders apprised of these recent "events of default". The Board and Management working jointly with the Administrative Agent of the Lenders have agreed and approved a plan to address these "events of default" as part of the current TPHL Group refinancing process being undertaken which is expected to be completed within twelve months of the approval of these consolidated financial statements.

The current defaults can be divided in three different groups.

2. Basis of preparation and other significant accounting policies (continued)

a. Basis of preparation (continued)

(ii) Going concern (continued)

First, failure by TPHL to deliver its audited consolidated financial statements for the period ended 30 September 2019, which triggered an event of default under the Credit Agreement and a default under the Indenture (the "FS Default").

Second, the Loan Parties have performed certain actions as part of their operations that are not permitted to be performed during the period in which a default or event of default has occurred and has continued to occur. Such actions include, but are not limited to, incurring capital expenditures relating to exploration and for the development of proved, undeveloped reserves and making investments in Petrotrin for the payment of interest in respect of Petrotrin's short-term debt. Because the Loan Parties have performed such actions during the FS Default, other defaults and/or events of defaults have been triggered under the Credit Agreement and/or the Indenture.

Third, the Loan Parties have failed to comply with certain other covenants under the Credit Agreement that are unrelated to the occurrence and continuance of the FS Default, including, making certain investments in Petrotrin, which payments constitute restricted payments. These actions have triggered defaults and/or events of defaults under the Credit Agreement.

In addition, an event of default under the Credit Agreement may, under certain circumstances, trigger an event of default under the Indenture. Similarly, a default under the Indenture may under certain circumstances trigger an event of default under the Credit Agreement.

Under the Indenture, a default resulting from the failure to comply with the covenants thereunder (other than a payment default) is not an "event of default" until the Trustee (at the direction of Holders holding more than 50% in aggregate principal amount of the Notes) or the Holders holding more than 25% in aggregate principal amount of the Notes then outstanding notifies TPHL (and in the case of such notice by Holders, the Group and the Trustee) of the default and TPHL does not cure such default within the time specified after receipt of such notice. No such Notice of Default has been received by TPHL as of the approval date of these consolidated financial statements. However, an event of default exists under the Indenture's cross-default provision resulting from the events of default existing under the Credit Agreement.

(Presented in Thousands of Trinidad and Tobago Dollars)

2. Basis of preparation and other significant accounting policies (continued)

a. Basis of preparation (continued)

(ii) Going concern (continued)

Notwithstanding the above, (i) the consent of Lenders holding more than 50% of the aggregate principal amount of the Loans is still required to accelerate the Loans under the Credit Agreement, and (ii) the Holders holding more than 25% in aggregate principal amount of the Notes then outstanding still need to direct the Trustee to, in which case the Trustee by written notice to the Group, or the Required Holders by written notice to the Group and the Trustee may, declare the principal and accrued and unpaid interest on all the Notes to be due and payable. Upon such a declaration, such principal and interest shall be due and payable immediately. It is important to note that no such consent on the part of the Lenders or direction on the part of the Holders has occurred.

Additionally, only the voting creditors holding more than 50% of the aggregate principal of the claims outstanding (i.e., combined exposure of loans and bonds) shall be entitled to enforce on the collateral.

It should be noted that none of the events of default under the Credit Agreement or Indenture are debt service or payment related defaults, as Heritage on behalf of TPHL continues to make all interest and principal payments under the terms of the Credit Agreement and the Indentures during 2021 and 2022 as follows:

	Credit agreement	**Indenture**	**Total**
	$	**$**	**$**
Payments in 2021			
Interest	267,238	459,898	727,136
Principal	749,658	140,044	889,702
Total	1,016,896	599,942	1,616,838
Payments made since 1 October 2021 to 31 March 2022			
Interest	128,531	242,871	371,402
Principal	390,736	70,057	460,793
Total	519,267	312,928	832,195

(Presented in Thousands of Trinidad and Tobago Dollars)

2. Basis of preparation and other significant accounting policies (continued)

a. *Basis of preparation* (continued)

(ii) Going concern (continued)

	Credit agreement $	Indenture $	Total $
Payments in 2020			
Interest	323,647	467,187	790,834
Principal	–	140,239	140,239
Total	323,647	607,426	931,073

The Group reports payments made to the Lenders as an increase in amounts due from related party TPHL. See Note 32 and 4 (d) for the details on the outstanding balance on the loan facilities.

(iii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis.

2. Basis of preparation and other significant accounting policies (continued)

a. Basis of preparation (continued)

(iv) New standards, amendments and interpretations adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 3: *Definition of a Business*
- Amendments to IFRS 7, IFRS 9 and IAS 39 *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8 *Definition of Material*
- Conceptual Framework for Financial Reporting
- Amendments to IFRS 16 Covid-19 *Related Rent Concessions*

These amendments had no impact on the consolidated financial statements of the Group.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The Group is currently assessing the impact of adopting the standards and interpretations.

- Reference to the Conceptual Framework: Amendments to IFRS 3 – Effective for annual reporting periods beginning on or after 1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16 – Effective for annual reporting periods beginning on or after 1 January 2022
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 – Effective for annual reporting periods beginning on or after 1 January 2022
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter – Effective for annual reporting periods beginning on or after 1 January 2022
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities – Effective for annual reporting periods beginning on or after 1 January 2022
- IAS 41 Agriculture – Taxation in fair value measurements – Effective on or after the beginning of the first annual reporting period beginning on or after 1 January 2022
- IFRS 17 'Insurance Contracts' – Effective for reporting periods beginning on or after 1 January 2023
- Definition of accounting estimates: Amendments to IAS 8 – Effective for reporting periods beginning on or after 1 January 2023

2. Basis of preparation and other significant accounting policies (continued)

a. Basis of preparation (continued)

(iv) New standards, amendments and interpretations adopted by the Group (continued)

- Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2 – Effective for reporting periods beginning on or after 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Effective for annual reporting periods beginning on or after 1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 – Effective for reporting periods beginning on or after 1 January 2023

b. Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (‘the functional currency’). The United States dollar is the Parent’s functional currency. The consolidated financial statements are presented in Trinidad and Tobago dollars, rounded to the nearest thousand, which is the Group’s presentation currency. The Group’s main stakeholders are the Government of the Republic of Trinidad and Tobago, the Ministry of Finance and its employees.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of comprehensive income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within other gains/(losses).

2. Basis of preparation and other significant accounting policies (continued)

b. Foreign currency translation (continued)

(ii) Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of comprehensive income as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

c. Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. Basis of preparation and other significant accounting policies (continued)

d. Fair value measurement

At the date of classification as held for sale, the Group estimated the fair value less costs to sell of these assets and recognised a write down of these assets to the fair value less costs to sell (Note 19). Also, fair values of financial instruments measured at amortised cost are disclosed in the relevant notes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non–financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. Basis of preparation and other significant accounting policies (continued)

e. Financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The Group's financial assets include trade and other receivables, due from related parties, other financial assets and short-term investments.

Financial liabilities are measured at initial recognition at fair value.

The Group's financial liabilities include trade and other payables, lease liabilities and due to related parties.

Financial assets at amortised cost
The Group only measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Group's financial assets at amortised cost include trade and other receivables, due from related parties, other financial assets and short-term investments.

Reclassification of financial assets and liabilities
The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2021 (2020: nil).

2. Basis of preparation and other significant accounting policies (continued)

e. Financial assets and financial liabilities (continued)

De-recognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘passthrough’ arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates;
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients; and
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

2. Basis of preparation and other significant accounting policies (continued)

e. Financial assets and financial liabilities (continued)

De-recognition of financial assets (continued)
When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity' s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the consolidated statement of comprehensive income.

f. Financial guarantees

Financial guarantees are initially recognised in the consolidated financial statements at fair value, which was nil (2020: nil). Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the consolidated statement of comprehensive income, and an ECL allowance which is nil (2020: nil).

g. Oil and gas properties and exploration and evaluation assets (Note 5 (a))

h. Leases (Note 7)

i. Deferred income tax (Note 13)

j. Inventory (Note 14 (a))

2. Basis of preparation and other significant accounting policies (continued)

k. Trade and other receivables (Note 15 (a))

l. Short-term investment (Note 17 (a))

m. Cash and cash equivalents (Note 18 (a))

n. Stated capital (Note 20 (a))

o. Decommissioning Provision (Note 24 (a))

p. Trade and other payables (Note 25 (a))

q. Revenue from contracts with customers (Note 26 (a))

r. Principles of consolidation and equity accounting

Investments – Subsidiaries and interest in equity-accounted investees

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Heritage Petroleum Company Limited and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to effect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to effect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

2. Basis of preparation and other significant accounting policies (continued)

r. Principles of consolidation and equity accounting (continued)

Investments – Subsidiaries and interest in equity-accounted investees (continued)

(i) Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Refer to Note 9 for the Group's listing of subsidiaries. Non-controlling interests represent the interests not held by the Group in Trinidad and Tobago Marine Petroleum Company Limited (Trintomar).

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Refer to Note 8.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

2. Basis of preparation and other significant accounting policies (continued)

r. Principles of consolidation and equity accounting (continued)

Investments – Subsidiaries and interest in equity-accounted investees (continued)

(ii) Associates (continued)

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Basis of preparation and other significant accounting policies (continued)

r. Principles of consolidation and equity accounting (continued)

Investments – Subsidiaries and interest in equity-accounted investees (continued)

(iii) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations
A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Heritage recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings. Details of the joint operation are set out in Note 34.

3. Critical estimates, assumptions and errors

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the consolidated financial statements. In addition, this note also explains where there have been actual adjustments this period as a result of an error and of changes to previous estimates.

3. Critical estimates, assumptions and errors (continued)

(a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Assessment of impairment of property, plant and equipment – Note 5 (a) (iii)
- Oil and gas reserves estimate – Note 5 (c)
- Life of lease licenses – Note 5 (d)
- Leases – Note 7
- Provision for expected credit losses of trade receivables – Note 15
- Assets held for sale (classification) – Note 19
- Decommissioning and environmental obligations – Note 24
- Revenue recognition – Note 26
- Income taxes – Note 31

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4. Financial risk management

The Group has exposure to the following risks:

a. Credit risk

The Group is exposed to credit risk, which is the risk that its customers and counterparties may cause a financial loss by failing to discharge their contractual obligations. Credit risk arises from cash and cash equivalents and deposits with financial institutions as well as outstanding receivables and committed transactions. The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk. Management does not expect any losses from non-performance by counterparties.

(i) Risk management

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB' are accepted. Cash and deposits are held with a number of reputable financial institutions, in amounts varying between $500 and $1,237,000 (2020: $500 and $350,000).

If trade customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, credit agency information, industry information and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by trade customers is regularly monitored by line management.

(Presented in Thousands of Trinidad and Tobago Dollars)

4. Financial risk management (continued)

The Group has exposure to the following risks: (continued)

a. Credit risk (continued)

(i) Risk management (continued)

The Group has some concentration of credit risk as the majority of receivables are from several large customers. However, this risk is minimised as the Group maintains formal contracts with each of these customers that stipulate invoicing and payments terms.

(ii) Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	2021 **$**	**2020** **$**
Cash and cash equivalents	2,070,986	1,100,731

(iii) Exposure to credit risk

The following is a summary of the Group's maximum exposure to credit risk:

30 September 2021	**Fully performing** **$**	**Past due** **$**	**Impaired** **$**	**Provision for impairment** **$**	**Total** **$**
Cash in escrow	290,446	–	–	–	290,446
Other financial assets	42,513	–	–	–	42,513
Short-term investment	156,284	–	–	–	156,284
Cash and cash equivalents	2,070,986	–	–	–	2,070,986
Trade receivables	2,026	–	668	(668)	2,026
Accrued revenue	380,570	–	–	–	380,570
Due from related parties	254,860	1,679,048	–	–	1,933,908
Other receivables (excluding prepayments)	120,514	–	578	(578)	120,514
	3,318,199	1,679,048	1,246	(1,246)	4,997,247

(Presented in Thousands of Trinidad and Tobago Dollars)

4. Financial risk management (continued)

The Group has exposure to the following risks: (continued)

a. Credit risk (continued)

(iii) Exposure to credit risk (continued)

30 September 2020	**Fully performing $**	**Past due $**	**Impaired $**	**Provision for impairment $**	**Total $**
Cash in escrow	267,098	–	–	–	267,098
Other financial assets	46,728	–	–	–	46,728
Short-term investment	156,239	–	–	–	156,239
Cash and cash equivalents	1,100,731	–	–	–	1,100,731
Trade receivables	10,578	–	576	(576)	10,578
Due from related parties	128,854	–	–	–	128,854
Accrued revenue	180,416	–	–	–	180,416
Due from joint operators	17,396	–	–	–	17,396
Other receivables (excluding prepayments)	6,923	78,796	200	(200)	85,719
	1,914,963	78,796	776	(776)	1,993,759

The Group does not hold any collateral in relation to these assets.

The Group recognises provisions for losses for assets subject to credit risk using the expected credit loss model.

The Group uses the simplified approach for trade receivables in arriving at expected credit losses (ECL).

No ECL is applicable on balances due from related party as the Group expects to recover the full amount of this receivable. Refer to Note 16.

4. Financial risk management (continued)

a. Credit risk (continued)

(iii) Exposure to credit risk (continued)

The simplified approach
The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables. The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, the Group first considers whether any individual customer accounts require specific provisions. All other non-specific trade receivables are then grouped based on shared credit risk characteristics and the days past due.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Incorporation of forward-looking information
Historical loss rates for trade receivables are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Assets written off
Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the consolidated statement of comprehensive income.

Summary of ECL calculations

The simplified approach (trade receivables)

A summary of the assumptions underpinning the Group’s expected credit loss model under the simplified approach is further analysed below showing:

- Specific provisions
- General provisions using a standardised provision matrix

(Presented in Thousands of Trinidad and Tobago Dollars)

4. Financial risk management (continued)

a. Credit risk (continued)

(iii) Exposure to credit risk (continued)

Summary of ECL calculations (continued)

The following is a summary of the ECL on trade receivables and accrued revenue.

Aging Bucket	**Average ECL rate %**	**Estimated exposure at default $**	**Expected credit loss $**
Current (0-30 days)	0%	2,026	–
31 to 60 days	0%	–	–
61 to 90 days	0%	–	–
Over 90 days	100%	1,046	1,046
Accrued revenue	0%	380,570	–

	2021 $	**2020 $**
Opening loss allowance as at 1 October – calculated under IFRS 9	(576)	–
Current year provision	(470)	(576)
Balance as at 30 September	(1,046)	(576)
The following is an analysis of the net impairment expense on financial assets recognised in profit loss:		
Net changes to provisions for the period per above	470	576

b. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The Group's liquidity risk management process is measured and monitored by senior management within the Group.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

The main method for the measurement and monitoring of liquidity is cashflow forecasting. The Group's treasury function co-ordinates relationships with banks and cash management.

(Presented in Thousands of Trinidad and Tobago Dollars)

4. Financial risk management (continued)

b. Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

30 September 2021	**Up to 1 year $**	**1 – 5 years $**	**> 5 years $**	**Total $**
Trade payables	60,040	–	–	60,040
Lease liabilities	2,474	4,062	3,372	9,908
Due to related parties (excluding statutory liabilities)	15,928	–	–	15,928
Borrowings	321,139	–	–	321,139
Accruals and other liabilities	663,423	–	34,953	698,376
Total	1,063,004	4,062	38,325	1,105,391
30 September 2020				
Trade payables	57,020	–	–	57,020
Lease liabilities	1,964	3,766	4,215	9,945
Due to related parties (excluding statutory liabilities)	74,159	–	–	74,159
Borrowings	321,540			321,540
Accruals and other liabilities	558,910	–	–	558,910
Total	1,013,593	3,766	4,215	1,021,574

c. Market risk

Market risk is the risk that the fair value of future cash flows of the financial instrument will fluctuate because of changes in market prices. The Group takes on exposure to market risks from changes in foreign exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

(Presented in Thousands of Trinidad and Tobago Dollars)

4. Financial risk management (continued)

c. Market risk (continued)

(i) Foreign currency risk (continued)

The functional currency of the Group's cashflows is the United States dollar (USD) since the Group's major product, oil is priced internationally at USD.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign currency transaction exposures mainly arise on the Group's sales or purchases in currencies other than USD.

The following exchange rates were used in translating United States dollars to Trinidad and Tobago dollars at the period end and in conversions during the period:

	As at 2021 30 September	**As at 2020 30 September**
Period-end	6.74655	6.76260
Average rate during the period	6.75455	6.75079

Translational exposure in respect of non-functional currency monetary items

The following tables demonstrate the exposure of the Group's profit after tax to possible movements of the USD against the TTD holding all other variables constant.

	As at 30 September 2021		
	TT$	**US$**	**Total**
	$	**$**	**$**
Assets			
Trade and other receivables (excluding prepayments)	35,362	467,748	503,110
Due from related parties	1,933,518	390	1,933,908
Cash in escrow	–	290,446	290,446
Short-term investment	–	156,284	156,284
Other financial assets	27,445	15,068	42,513
Cash and cash equivalents	269,259	1,801,727	2,070,986
Financial assets	2,265,584	2,731,663	4,997,247

(Presented in Thousands of Trinidad and Tobago Dollars)

4. Financial risk management (continued)

c. Market risk (continued)

(i) Foreign currency risk (continued)

	As at 30 September 2021		
	TT	**US**	**Total**
	$	**$**	**$**
Liabilities			
Trade and other payables	(729,032)	(29,384)	(758,416)
Lease liabilities	(2,858)	(6,098)	(8,956)
Borrowings	(321,139)	–	(321,139)
Due to related parties (excluding statutory liabilities)	(297)	(15,631)	(15,928)
Financial liabilities	(1,053,326)	(51,113)	(1,104,439)
Net currency exposure	**1,212,258**	**2,680,550**	**3,892,808**
Reasonably possible change in exchange rate	5%		
Effect on profit after tax	**60,613**		

	As at 30 September 2020		
	TT$	**US$**	**Total**
Assets	**$**	**$**	**$**
Trade and other receivables (excluding prepayments)	54,666	239,443	294,109
Due from related parties	128,468	386	128,854
Cash in escrow	–	267,098	267,098
Short-term investment	–	156,239	156,239
Other financial assets	27,567	19,161	46,728
Cash and cash equivalents	352,673	748,058	1,100,731
Financial assets	563,374	1,430,385	1,993,759
Liabilities			
Trade and other payables	(597,416)	(18,514)	(615,930)
Lease liabilities	(573)	(7,030)	(7,603)
Borrowings	(321,540)	–	(321,540)
Due to related parties (excluding statutory liabilities)	(58,880)	(15,279)	(74,159)
Financial liabilities	(978,409)	(40,823)	(1,019,232)
Net currency exposure	**(415,035)**	**1,389,562**	**974,527**
Reasonably possible change in exchange rate	5%		
Effect on profit after tax	**(20,752)**		

(Presented in Thousands of Trinidad and Tobago Dollars)

4. Financial risk management (continued)

c. Market risk (continued)

(ii) Price risk

The Group is exposed to fluctuations in the prices of natural gas and natural gas liquid sales and crude oil sales sold at market prices.

As a result of these market price fluctuations the Group may in the future use established over-the-counter swaps, for crude oil and natural gas or other appropriate instruments, to hedge exposures in order to protect budgeted revenues and margins. The Group does not currently have any such hedging instruments in place.

Commodity price risk
The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing production and purchase of crude and gas. The Group is exposed to changes in the price of these commodities, its revenue from customers and its purchases. Changes in gas pricing are immaterial.

The Group currently does not operate a hedge for its crude as all of the Group's crude is sold on a spot basis. While the Group's crude revenue is subject to international market price movements, the Group's Board of Directors believe that any reduction in price is short term in nature and markets rebound in the near term. Crude cargo pricing is based ten days around the bill of lading date and by utilising existing storage options to sell into rising price markets.

Commodity price sensitivity
The following table shows the effect of price changes in crude based on Heritage's Equity Barrels.

	Change in year-end price	**Effect on profit before tax**	**Effect on equity**
2021	%/barrel	'000	'000
Crude	+15%	524,363	235,693
	–15%	(524,363)	(235,693)
2020			
Crude	+15%	561,850	252,832
	–15%	(561,850)	(252,832)

(Presented in Thousands of Trinidad and Tobago Dollars)

4. Financial risk management (continued)

d. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the oil and gas industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt. Gearing is the measure of financial leverage, demonstrating the degree to which the Group's activities are funded by owner's funds versus creditor's funds.

The Group has no external debt recorded as at the consolidated statement of financial position, but the Group is a Guarantor on TPHL's senior secured loan issuances. The Group is also a Guarantor on TPHL's senior unsecured 144A and Reg S series International Notes. This bond was contracted on 8 May 2007 under Petrotrin. As part of the reorganisation, TPHL became the new obligor of these notes with each of the Companies, Heritage, Guaracara, Paria and Petrotrin being guarantors to the notes effective 30 November 2018. See Note 32 (c) and Note 2 (a) (ii).

Treasury management is thus based on the way financing is managed at the overall TPHL Group level. The Group is expected to make loan and interest repayments on behalf of TPHL in the foreseeable future. The obligations have the following maturity schedule as of 30 September 2021 and 2020, which was not adjusted for any impact of the debt defaults described in Note 2:

As at 30 September 2021

	Less than 1 year $	**Between 1 and 2 years $**	**Between 2 and 4 years $**	**Over 4 years $**	**Total $**
Interest payment	557,314	427,488	804,263	284,201	2,073,266
Principal repayment	2,585,642	252,389	504,776	3,964,360	7,307,167
Total	3,142,956	679,877	1,309,039	4,248,561	9,380,433

(Presented in Thousands of Trinidad and Tobago Dollars)

4. Financial risk management (continued)

d. Capital risk management (continued)

As at 30 September 2020

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 4 years $	Over 4 years $	Total $
Interest payment	633,308	568,127	850,670	687,845	2,739,950
Principal repayment	655,617	2,754,728	505,978	4,298,478	8,214,801
Total	1,288,925	3,322,855	1,356,648	4,986,323	10,954,751

Within borrowings in the Group's consolidated financial statements is the shortfall in funding in Trintomar that was required to complete the Pelican Development Project that was provided by the predecessor shareholder (Petrotrin) and the National Gas Company of Trinidad and Tobago (NGC) (See Note 21).

	2021 $	2020 $
Net debt reconciliation		
Cash and cash equivalents (Note 18)	(2,070,986)	(1,100,731)
Borrowings (Note 21)	321,139	321,540
Net debt	(1,749,847)	(779,191)
Total equity	3,274,460	2,013,660

(Presented in Thousands of Trinidad and Tobago Dollars)

4. Financial risk management (continued)

e. Financial instruments by category

The accounting policies for financial instruments (Note 2 (e)) have been applied to the line items below:

	2021	2020
Financial assets	$	$
Trade receivables	2,026	10,578
Due from joint operators	–	17,396
Accrued revenue	380,570	180,416
Other receivables (excluding prepayments)	120,514	85,719
Other non-current financial assets	35,317	33,203
Other current financial assets	7,196	13,525
Due from related parties	1,933,908	128,854
Cash in escrow	290,446	267,098
Short-term investments	156,284	156,239
Debt service reserve	177,276	177,692
Cash at bank and on hand	2,070,986	1,100,731
	5,174,523	2,171,451
Financial liabilities		
Borrowings	321,139	321,540
Trade payables	60,040	57,020
Accruals and other liabilities	698,377	558,910
Lease liabilities	8,956	7,603
Due to related parties (excluding statutory liabilities)	15,928	74,159
	1,104,440	1,019,232

(Presented in Thousands of Trinidad and Tobago Dollars)

5. Oil and gas properties and exploration and evaluation assets

	Exploration and evaluation $	Oil and gas properties $	Dismantlement Asset $	Total $
Cost				
At 30 September 2019	54,246	5,827,197	–	5,881,443
Additions	85,456	110,000	–	195,456
Transferred from exploration and evaluation	(9,140)	9,140	–	–
Transferred to held for sale assets (Note 19)	(42,454)	(160,035)	–	(202,489)
Change in decommissioning provision (Note 24)	–	(66,354)	–	(66,354)
Exchange differences	542	23,000	–	23,542
At 30 September 2020	**88,650**	**5,742,948**	**–**	**5,831,598**
Additions	26,845	137,672	–	164,517
Transferred from exploration and evaluation	(24,322)	24,322	–	–
Transferred to held for sale assets (Note 19)	–	(45,410)	–	(45,410)
Change in decommissioning provision (Note 24)	–	(300,938)	2,792	(298,146)
Exchange differences	(332)	(156,429)	–	(156,761)
At 30 September 2021	**90,841**	**5,402,165**	**2,792**	**5,495,798**
Depletion and impairment				
At 30 September 2019	–	(625,781)	–	(625,781)
Depreciation charge for the year (Note 27)	–	(490,250)	–	(490,250)
Provision for impairment	–	(9,011)	–	(9,011)
Exchange differences	–	(1,124)	–	(1,124)
At 30 September 2020	**–**	**(1,126,166)**	**–**	**(1,126,166)**
Depreciation charge for the year (Note 27)	–	(423,154)	–	(423,154)
Provision for impairment (Note 5 (a))	–	(58,769)	–	(58,769)
Exchange differences	–	126,187	–	126,187
At 30 September 2021	**–**	**(1,481,902)**	**–**	**(1,481,902)**
Net book value:				
At 30 September 2020	**88,650**	**4,616,782**	**–**	**4,705,432**
At 30 September 2021	**90,841**	**3,920,263**	**2,792**	**4,013,896**

5. Oil and gas properties and exploration and evaluation assets (continued)

a. Accounting policy

(i) Exploration and evaluation assets

Exploration and evaluation assets – Capitalisation
Oil and natural gas exploration and evaluation expenditures are accounted for using the successful efforts method of accounting. Under this method, costs are accumulated on a field-by-field basis and capitalised upon discovery of commercially viable mineral reserves. If the commercial viability is not achieved or achievable, such costs are charged to expense.

Costs incurred in the exploration and evaluation of assets include:

- License and property acquisition costs **-** License and property acquisition costs are capitalised within intangible assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and that sufficient progress is being made on establishing development plans and timing. If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs are written off through the statement of profit or loss and other comprehensive income. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.
- Exploration and evaluation expenditure **-** activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors. Costs directly associated with an exploration well are capitalised until the determination of commercial reserves is evaluated. If commercial reserves are found the costs continue to be carried as an asset. If commercial reserves are not found, exploration and evaluation expenditures are written off as a dry hole.

Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to oil and gas properties assets as applicable. No depreciation and/or amortisation are charged during the exploration and evaluation phase.

Exploration and evaluation assets – Impairment
See Note 5 (a) (iii) for the accounting policy related to impairment.

5. Oil and gas properties and exploration and evaluation assets (continued)

a. Accounting policy (continued)

(ii) Oil and gas properties

Oil and gas properties - Capitalisation

Acquisitions, asset purchases and disposals
The cost of development and production assets includes the cost of acquisitions and purchases of such assets, directly attributable overheads, finance costs capitalised, and the cost of recognising provisions for future restoration and decommissioning.

Development expenditures are costs incurred to obtain access to proven reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas. These costs include transfers from exploration and evaluation subsequent to finding commercially viable reserves, development drilling and new reserve type, infrastructure costs and development, geological and geophysical ("G&G") costs.

Oil and gas properties are stated at cost, less accumulated depletion and accumulated impairment losses.

Transactions involving the purchases of an individual field interest, or a group of field interests, are treated as asset purchases, irrespective of whether the specific transactions involve the transfer of the field interests directly, or the transfer of an incorporated entity. Accordingly, the consideration is allocated to the assets and liabilities purchased on a relative fair value basis.

Proceeds on disposal are applied to the carrying amount of the specific intangible asset or development and production assets disposed. Any excess is recorded as a gain on disposal, and any shortfall between the proceeds and the carrying amount is recorded as a loss on disposal, in the consolidated statement of comprehensive income.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling and development of commercially proven wells is capitalised within tangible and intangible assets according to its nature. When development is completed on a specific field it is transferred to production assets. No depreciation and/or amortisation is charged during the development phase.

Depreciation, amortisation and depletion
Oil and gas properties are depreciated generally on a field-by-field basis using the unit-of-production method. Unit-of-production rates are based on production and proved producing reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing wells with existing facilities using current operating methods. Under the unit-of-production method, oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

5. Oil and gas properties and exploration and evaluation assets (continued)

a. Accounting policy (continued)

(ii) Oil and gas properties (continued)

Depreciation, amortisation and depletion (continued)
Producing assets are generally grouped into cash generating units with other assets that are dedicated to serving the same reserves for depreciation purposes but are depreciated separately from producing assets that serve other reserves. The cash generating unit applied for depreciation purposes is generally the field, except that a number of field interests may be grouped as a single cash generating unit where the cash flows of each field are inter-dependent.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the consolidated statement of comprehensive income. Any change in the present value of the estimated expenditure or discount rates is reflected as an adjustment to the provision and the intangible asset and dealt with prospectively.

(iii) Impairment

The Group evaluates assets or groups of assets called CGUs for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset or CGU may not be recoverable. Management has determined its CGUs to be based on a combined field basis for its onshore and offshore fields and at an individual basis for its joint operations. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets or CGU’s recoverable amount. The recoverable amount is the higher of an assets or CGU’s fair value less costs of disposal (FVLCD) and value in use (VIU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the asset is tested as part of a larger CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount. In calculating VIU, 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/CGU. In determining FVLCD, recent market transactions (where available) are considered. If no such transactions can be identified, an appropriate valuation model is used.

5. Oil and gas properties and exploration and evaluation assets (continued)

a. Accounting policy (continued)

(iii) Impairment (continued)

The Group bases its impairment calculation on the VIU model which is based on cashflows expected to be generated by the projected oil and natural gas production profiles up to the expiration of the licence agreements. Key assumptions used for the VIU calculations are as follows:

- Revenues were derived using projected production and future prices. This data was obtained from market experts;
- Direct operating costs were projected based on past experience and available historical data on lifting costs;
- The time horizon used for the valuation of the reserves was between two (2) and fifty (50) years as this represents management's estimation of the economic useful life of the economic productive life of the field at current rates of extraction;
- The cash flows beyond the 5-year period were extrapolated using projections based on constant prices and costs.
- The growth rates used for revenue and costs were 2% (2020:1.5%) and 3% (2020:3%) respectively with a discount rate of 7.89% (2020:9.36%).

Impairment losses of continuing operations, including impairment of inventories, are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset. For assets/CGUs excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset/CGU does not exceed the lower of its recoverable amount, or the carrying amount that would have been determined, net of depreciation/amortisation, had no impairment loss been recognised for the asset/CGU in prior years. Such a reversal is recognised in the consolidated statement of comprehensive income.

During the year ended 30 September 2021, impairment losses on oil and gas properties assets totalling $58,769 (2020: $9,011) were recognised.

(Presented in Thousands of Trinidad and Tobago Dollars)

5. Oil and gas properties and exploration and evaluation assets (continued)

a. Accounting policy (continued)

(iii) Impairment (continued)

The fields showing impairment were as follows:	**2021** **$**	**2020** **$**
Impairment loss:		
EOG 16%	58,284	–
Moruga West	15,476	4,384
Central Block	4,583	–
Galeota	–	16,033
Teak, Samaan, Poui (TSP)	–	10,651
Point Ligoure, Guapo Bay, Brighton Marine (PGB)	–	2,485
Total impairment loss	78,343	33,553
Reversal of impairment loss:		
Teak, Samaan, Poui (TSP)	(10,651)	–
Galeota	(6,438)	–
Point Ligoure, Guapo Bay, Brighton Marine (PGB)	(2,485)	–
NCMA 1 – Block 9	–	(24,542)
Net impairment loss	58,769	9,011

The reversal of impairment loss is in relation to the following:

TSP
Extension of the Teak, Poui and Saaman Licences for another 10 years resulted in the company's ability to add reserves to the end of the new licence period.

Galeota
New reserves were added by the operator's proposed development plan consisting of recompletions and infill drilling locations in various fault blocks. A total of 3 recompletions and 15 locations were identified that contributed to the reserves add.

PGB
Reactivation of wells and better well performance contributed to the improve reserves position of this field.

All of the CGUs for which there were impairment losses recognised in the current year, form part of the oil and gas properties assets. The discount rate used in the value in use calculation was 7.89% (2020:9.36%).

b. Assets pledged as security

The assets are pledged under the debt agreements of the Parent (See Note 32 (c)).

(Presented in Thousands of Trinidad and Tobago Dollars)

5. Oil and gas properties and exploration and evaluation assets (continued)

c. Oil and gas reserve estimate

The oil and gas reserves are assessed by management and reviewed by external engineers in accordance with the Standards pertaining to the Estimating of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers.

Engineering estimates of the Group's oil and gas reserves are inherently uncertain. Proved reserves are the estimated volumes of crude oil, natural gas and gas condensates, liquids and associated substances which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Although there are authoritative guidelines regarding the engineering criteria that have to be met before estimated oil and gas reserves can be designated as proved, the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation; the accuracy of assumptions and judgment. There may be substantial upward and downward revisions to the results of drilling, testing and production after the date of the estimate. In addition, changes in oil and natural gas prices could have an effect on the value of proved reserves as regards the initial estimate. Accordingly, the estimated reserves could be materially different from the quantities of oil and natural gas that ultimately will be recorded.

Estimated proved reserves are used in determining depletion and impairment expenses. Depletion rates on oil and gas assets using the unit-of-production (UoP) basis are determined from the ratio between the amount of hydrocarbons extracted in the year and proved producing reserves existing at the year-end increased by the amounts extracted during the year. Assuming all other variables are held constant, an increase in estimated proved producing reserves decreases depreciation, depletion and amortisation expense. On the contrary, a decrease in estimated proved producing reserves increases depreciation, depletion and amortisation expense.

Also, estimated total proved reserves are used to calculate future cash flows from oil and gas properties, which serve as an indicator in determining whether an asset impairment test is to be carried out. The larger the volume of estimated reserves, the less likely the asset is impaired.

d. Licenses

It is assumed that licences to develop oil and gas properties acreages will continue to be extended to the Group by the Government of the Republic of Trinidad and Tobago throughout the remaining productive lives of the related fields. The fields below were vested by virtue of the Miscellaneous Provisions Bill 2018 (Note 1).

Field Name	**Terms of Agreement**
Balata East Shallow Horizon	Effective period from 2006 for twenty-five (25) years
Guapo-Oropouche-Brighton Horizon (Area D)	Effective period from 2007 for twenty-five (25) years
Cruise Horizon (Area A)	Effective period from 2007 for twenty-five (25) years
Mayaro/Guayaguayare Horizon	Effective period from 2007 for twenty-five (25) years
Herrera Horizon (Area C)	Effective period from 2007 for twenty-five (25) years
TNA Licence	Effective period from 2021 for six (6) years

The Group's estimates of reserves, the estimated provisions for decommissioning and the impairment assessments are based on this assumption.

(Presented in Thousands of Trinidad and Tobago Dollars)

6. Other property, plant and equipment and intangible assets

Cost	**Land and buildings $**	**Other plant and equipment $**	**Software assets $**	**Total $**
At 30 September 2019	389,703	333,157	26,831	749,691
Additions	–	3,579	14,345	17,924
Exchange differences	1,676	1,333	112	3,121
At 30 September 2020	391,379	338,069	41,288	770,736
Additions	2,098	16,263	47,655	66,016
Exchange differences	(880)	(9,279)	(158)	(10,317)
At 30 September 2021	**392,597**	**345,053**	**88,785**	**826,435**
Depreciation and amortisation				
At 30 September 2019	(11,674)	(27,471)	(3,909)	(43,054)
Depreciation charge for the year	(12,962)	(33,817)	(4,361)	(51,140)
Exchange differences	(822)	(1,877)	(232)	(2,931)
At 30 September 2020	(25,458)	(63,165)	(8,502)	(97,125)
Depreciation charge for the year	(13,020)	(48,829)	(6,880)	(68,729)
Exchange differences	(738)	(636)	(181)	(1,555)
At 30 September 2021	**(39,216)**	**(112,630)**	**(15,563)**	**(167,409)**
Net book value:				
At 30 September 2020	**365,921**	**274,904**	**32,786**	**673,611**
At 30 September 2021	**353,381**	**232,423**	**73,222**	**659,026**

a. Accounting policy

(i) Other property, plant and equipment

Other property, plant and equipment are stated at historical cost net of accumulated depreciation and accumulated impairment losses except for Land which is not depreciated. Depreciation of other non-oil and gas assets is calculated using the following rates and methods to allocate the cost to their residual values over their estimated useful lives. Furniture and fixtures, and domestic appliances fall under the category of the plant and equipment. Computer equipment falls under software assets.

Buildings	5% - diminishing balance
Furniture and fixtures	20% - diminishing balance
Domestic appliances	20% - straight line
Computer equipment (specialised)	10% - straight line
Computer equipment (non-specialised)	33.3% - straight line

6. Other property, plant and equipment and intangible assets (continued)

b. Accounting policy (continued)

(i) Other property, plant and equipment (continued)

The expected useful lives of property, plant and equipment are reviewed on an annual basis, and if necessary, changes in useful lives are adjusted for prospectively.

These assets are derecognised upon disposal or when no future economic benefits are expected to arise from continued use. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(ii) Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (ten years for specialised software, three years for non-specialised software).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software product include software development, employee cost, and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

7. Leases

The Group has lease contracts for land and building rentals, and office equipment used in its operations. Leases for office equipment generally have lease terms between 1 and 3 years. The building leases are for two years and the land lease is for a period of 11 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group also has certain leases of office equipment and vehicles with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases. Payments made under such leases are expensed on a straight-line basis.

(Presented in Thousands of Trinidad and Tobago Dollars)

7. Leases (continued)

The consolidated statement of financial position shows the following amounts relating to leases:

Right of Use Assets (ROU)	**Land** $	**Air conditioning units** $	**Total** $
As at 1 October 2019	6,638	836	7,474
Less: depreciation (Note 27)	(664)	(279)	(943)
As at 30 September 2020	5,974	557	6,531
Additions	1,884	988	2,872
Less: depreciation (Note 27)	(1,298)	(608)	(1,906)
As at 30 September 2021	6,560	937	7,497
Lease liabilities			
As at 1 October 2019	6,638	836	7,474
Interest expense (Note 29)	392	32	424
Payments	–	(295)	(295)
As at 30 September 2020	7,030	573	7,603
Additions	1,884	988	2,872
Interest expense (Note 29)	492	48	540
Payments	(1,826)	(226)	(2,052)
Exchange differences	(7)	–	(7)
As at 30 September 2021	7,573	1,383	8,956

	2021	**2020**
Lease liabilities – non-current	7,103	5,988
Lease liabilities – current	1,853	1,615
Total	8,956	7,603

(Presented in Thousands of Trinidad and Tobago Dollars)

7. Leases (continued)

The consolidated statement of comprehensive income includes the following amounts relating to leases:

	2021 **$**	**2020** **$**
Depreciation charge on ROU assets	(1,906)	(943)
Interest expense	(540)	(424)
Expense relating to short-term leases (included in cost of sales)	(14,399)	(12,854)

The Group had total cash outflows for leases of $16,451 in 2021 (2020: $13,149).

a. Accounting policy

The Group assesses at contract inception whether a contract is, or contains, a lease, that is, whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. Payments made under operating leases were charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

From 1 October 2019, leases are recognised as a right-of-use asset and a corresponding liability at the commencement date of the lease. The Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets are measured at cost at the commencement date comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial direct costs.

The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The right-of-use assets are also subject to impairment.

(Presented in Thousands of Trinidad and Tobago Dollars)

7. Leases (continued)

b. Significant judgements

Determining the lease term of contracts with renewal and termination options

Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group's land lease includes an extension option. The Group applies judgement in evaluating whether it is reasonably certain whether to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., ten to fifteen years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

The Group has a lease contract that includes extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (see Note 3). Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

30 September 2021	**Within five years $**	**More than five years $**	**Total $**
Extension options expected not to be exercised	4,215	21,073	25,288
30 September 2020	**Within five years $**	**More than five years $**	**Total $**
Extension options expected not to be exercised	4,215	21,073	25,288

(Presented in Thousands of Trinidad and Tobago Dollars)

7. Leases (continued)

b. Significant judgements (continued)

Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Group as lessor
The Group has entered into an operating lease for land. This lease has a term of twenty-five years and includes a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions rental income recognised by the Group during the year is $902 (2020: $1,739). This is included within miscellaneous rental and other income (Note 28).

Future minimum rentals receivable under non-cancellable operating leases as at 30 September are as follows:

	2021 **$**	**2020** **$**
Within one year	902	886
After one year but not more than five years	3,610	3,542
More than five years	10,738	11,204
Total	15,250	15,632

(Presented in Thousands of Trinidad and Tobago Dollars)

8. Investments in associate

Heritage has a 19.5% interest in Point Fortin LNG Exports Limited (PFLE) by virtue of the Miscellaneous Provisions Bill 2018 (see Note 1). PFLE is domiciled in Trinidad and Tobago and its main trading activity is the marketing of liquefied natural gas (LNG) on which an operating margin is earned on the sale of each LNG cargo. The LNG is purchased from the Atlantic LNG 2/3 Company of Trinidad and Tobago Unlimited. PFLE's registered office is 5 St Clair Avenue, Port of Spain, Trinidad and Tobago. The ultimate parent company is Royal Dutch Shell Plc.

As at 31 March 2021, the Board of Directors approved the plan to sell PFLE, an associate with 19.5% share. The sale is expected to be completed one year from the reporting date and is expected to be part of the Colibri Development sale. Therefore, as at 30 September 2021, the investment in associate was classified as held for sale. Refer to Note 19.

	As at 30 September 2021 $	**As at 30 September 2020 $**
Current assets	155,130	88,630
Current liabilities	(145,945)	(77,613)
Equity	9,185	11,017
Group's share in equity: 30 September 2021: 0% (2020: 19.5%)	1,791	2,148
Reclassified to Assets held for sale	(1,791)	–
Carrying amount of Investment in associate	–	2,148

Group's carrying amount of the investment share of profits

	For year ended 30 September 2021	**For year ended 30 September 2020**
Revenue from contracts with customers	1,045,333	391,774
Cost of sales	(1,034,434)	(379,312)
Operating margin	10,899	12,462
Operating expenses	(1,678)	(3,045)
Finance and other income	289	775
Profit before tax	9,510	10,192
Income tax expenses	(11,342)	(6,425)
(Loss)/profit for the year	(1,832)	3,767
Group's share of (loss)/profits: 30 September 2021: 0% (2020: 19.5%)	(357)	734

(Presented in Thousands of Trinidad and Tobago Dollars)

8. Investments in associate (continued)

The associate had no contingent liabilities or capital commitments as at 30 September 2021 (2020: nil).

9. Subsidiary companies

The Group's principal subsidiaries as at 30 September 2021 are set out below. Unless otherwise stated they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

The Group's subsidiaries as at 30 September 2021 consists of Trinidad and Tobago Marine Petroleum Company Limited (Trintomar). On 30 October 2020, Trinidad Northern Areas Limited (TNA) operated in the United Kingdom and was struck off the Companies Register. TNA's net assets of $720 was fully impaired as at this date.

Name of entity	**Place of business/ country of incorporation**	**Ownership interest held by the Company**	**Ownership interest held by non-controlling interest**	**Ownership interest held by the Company**	**Ownership interest held by non-controlling interest**
		2021	**2021**	**2020**	**2020**
Trinidad and Tobago Marine Petroleum Company Limited (Trintomar)	Trinidad and Tobago	80%	20%	80%	20%

Principal activities

Trinidad and Tobago Marine Petroleum Company Limited (Trintomar)
Trintomar is principally engaged in developing and producing natural gas from the Pelican Field which originally formed part of the South East Coast Consortium area.

10. Income taxes recoverable	**2021 $**	**2020 $**
Income taxes recoverable	177	148,991

The amount in 2020 represents overpayment of Petroleum Profit Taxes and Unemployment Levy. The amount of $148,814 was utilised in 2021.

(Presented in Thousands of Trinidad and Tobago Dollars)

11. Other financial assets

	2021 $	2020 $
Non-current	35,317	33,203
Current	7,196	13,525
	42,513	46,728
Advanced Payment Bond (a)	7,196	19,161
Government Fixed Rate Bond (b)	27,445	27,567
Other assets (c)	7,872	–
Other financial assets	42,513	46,728

a) Advanced Payment Bond

	2021 $	2020 $
Non-current	–	5,636
Current	7,196	13,525
	7,196	19,161

The Group has entered into a two-year agreement with TOSL Engineering Limited for the provision of a Mobile Offshore Oil and Gas Production Unit. Under the agreement the Group has advanced the sum of US$3,000 (TT equivalent $20,288) for the commissioning of the unit which is to be repaid within eighteen months. Due to the short-term nature of these receivables, their carrying amount is assumed to be equal to their fair value.

b) Government Fixed Rate Bond due 2023	2021 $	2020 $
Non-current	27,445	27,567

The Government of The Republic of Trinidad and Tobago has issued Bonds in lieu of cash refunds. The bonds are fixed rate bonds for a three-year period maturing on 15 May 2023 with an interest rate of 3.30% per annum.

The fair value of the bonds was determined by using the discounted cash flow method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. Level 3 inputs were used in the estimation of the fair value of the bonds.

	2021 $	2020 $
Fair value of Government Fixed Rate Bonds	28,625	27,821

(Presented in Thousands of Trinidad and Tobago Dollars)

	2021 $	2020 $
11. Other financial assets (continued)		
c) Other assets	7,872	–

Other assets represent fees paid in advance and will be capitalized upon completion of the borrowing arrangement.

12. Cash in escrow

The land licenses agreements effective in the year 2007, contain a clause requiring Heritage to establish an escrow account at the Central Bank of Trinidad and Tobago in the name of the Minister of Energy and Energy Affairs (the Minister). Cash reserves, calculated based on production volumes, are to be accumulated in the account for use as a contingency fund for remediation of pollution arising from petroleum operations carried out under the licenses, as well as the eventual decommissioning of wells and facilities in the licensed areas. The Minister has sole discretion to access these funds in the event that Heritage fails to effect any environmental clean-up, properly abandon wells or decommission facilities. However, once the Group fulfils all decommissioning obligations to the satisfaction of the Minister, and upon determination of the license, the Minister shall return all existing funds in the escrow account to Heritage.

(a) Accounting policy

Cash in escrow is subjected to regulatory restrictions and are therefore not available for general use by the Group.

	2021 $	2020 $
Balance as at 1 October	267,098	220,909
Add: Transfer	23,348	46,189
Balance as at 30 September	290,446	267,098

(Presented in Thousands of Trinidad and Tobago Dollars)

13. Deferred taxation

At 30 September, and for the years ended 30 September 2021 and 2020, deferred income tax relates to the following:

	Statement of comprehensive income		Statement of financial position	
	2021	2020	2021	2020
	$	$	$	$
Deferred tax asset				
Decommissioning provision	28,474	590,790	1,738,979	1,710,505
Losses carried forward	(126,410)	(67,141)	–	126,410
Exchange difference	415	–	415	
Vacation accrual	(6,378)	6,378	–	6,378
	(103,899)	530,027	1,739,394	1,843,293
Deferred tax liability				
Property, plant and equipment	(524,745)	(501,406)	(2,339,417)	(1,814,672)
	(524,745)	(501,406)	(2,339,417)	(1,814,672)
Deferred income tax credit (Note 31)	(628,644)	28,621	(600,023)	28,621

A valuation allowance of $1,065,893 (2020: $1,054,361) has been recorded at 30 September 2021 in relation to the net deferred tax asset on the decommissioning provision for assets to be decommissioned between 2040 to 2070.

(a) Accounting policy

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

13. Deferred taxation (continued)

(a) Accounting policy (continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income taxes are calculated in full, on temporary differences under the liability method using a principal tax rate of 55%. The deferred income tax (asset)/liability in the consolidated statement of financial position and the deferred income tax charge credit in the consolidated statement of comprehensive income are attributable to the following:

As at 30 September 2021, the Company has fully utilised its tax losses (2020: $252,820).

(Presented in Thousands of Trinidad and Tobago Dollars)

14. Inventories	**2021** **$**	**2020** **$**
Crude oil and natural gas	254,878	221,358
Materials and supplies	143,112	151,437
Provision for obsolescence	(80,828)	(62,785)
	317,162	310,010

During 2021, $34,348 (2020: $33,752) was recognised as an expense for the write down of inventories. This is recognised in cost of sales, Note 27.

a. Accounting policy

Inventories of crude oil are stated at the lower of cost and net realisable value.

(i) Crude oil

The cost of produced crude oil for the month is computed on the basis of the related month's production costs. Net realisable value is based on the market prices of an equivalent grade of crude oil.

(ii) Materials and supplies

Materials and supplies used mainly in drilling wells, recompletion and workovers are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses of the materials and supplies. Cost is determined using the weighted average cost.

(iii) Provision for obsolescence

Materials and supplies are reviewed on an annual basis. Items are provided for based on the age of the items. Management determines the provision based on material items that are aged in excess of five years. Given that the items were received from the predecessor company (Note 1), the items in excess of five years have been provided for.

15. Trade and other receivables	**2021** **$**	**2020** **$**
Trade receivables – gross	2,694	11,354
Other receivables - gross	121,092	85,719
Allowance for credit losses	(1,246)	(776)
Trade and other receivables – net	122,540	96,297
Prepayments	21,358	30,970
Due from joint operators	–	17,396
Accrued revenue	380,570	180,416
	524,468	325,079

(Presented in Thousands of Trinidad and Tobago Dollars)

15. Trade and other receivables (continued)

The ageing analysis of trade receivables is as follows:

		Days past due			
	Current	**31 to 60 days**	**61 to 90 days**	**>90 days**	**Total**
	$	**$**	**$**	**$**	**$**
As at 30 September 2021	2,026	–	–	668	2,694
As at 30 September 2020	8,423	2,190	11	730	11,354

a. *Accounting policy*

Trade receivables are amounts due from customers for rental fees or services performed in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. Any provision for impairment is recognised in the consolidated statement of comprehensive income within cost of sales. When a trade receivable is uncollectible, it is written off against the provision for impairment account for trade receivables. Subsequent recoveries of amounts previously written off are credited against cost of sales in the consolidated statement comprehensive income.

Accrued revenue
Revenue from the sale of international crude oil is recognised at the point in time when control of the product is transferred to the customer, which is generally when the product is physically transferred into a vessel. Revenue is accrued for based on the bill of lading date at an estimated front month Ice Brent average settlement price.

b. *Fair value of trade receivables*

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

(Presented in Thousands of Trinidad and Tobago Dollars)

16. Transactions with related parties

Parties are related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

In the ordinary course of its business, Heritage enters into transactions concerning the exchange of goods, provision of services and financing with affiliated companies and subsidiaries as well as entities directly owned or controlled by the Government of the Republic of Trinidad and Tobago.

Most significant transactions concern:

- The exploration for and production of crude oil and natural gas through joint arrangements.
- Payment of insurance on behalf of TPHL.
- Processing fees for pipeline and marine services from Paria.
- Cash advances to Petrotrin and TPHL.
- Transfer of assets and the liabilities directly associated with those assets from Petrotrin.

These transactions are as follows:

a. Key management personnel compensation

Key management personnel are those having authority and responsibility for planning, directing and controlling the Group, including executive officers and consist of the following:

	2021 $	2020 $
Directors' fees (Note 27)	971	445
Short – term employee benefits	15,750	10,912
Long – term employee benefits	434	296
	17,155	11,653

b. Trade and financing transactions with related parties

	2021 $	2020 $
Trinidad Petroleum Holdings Limited (TPHL) – Cash advances for settlement of loan and other fees and insurance	1,656,637	962,629
The Guaracara Refining Company Limited – Storage fees	7,272	750
Paria Fuel Trading Company Limited – Processing, bunker and storage fees	64,858	79,867
Petroleum Company of Trinidad and Tobago Limited – Cash advances	115,352	98,001
	1,844,119	1,141,247

(Presented in Thousands of Trinidad and Tobago Dollars)

16. Transactions with related parties (continued)

c. Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

(i) *Due from related parties*	**2021** **$**	**2020** **$**
Trinidad Petroleum Holdings Limited	1,659,844	–
Petroleum Company of Trinidad and Tobago Limited	17,566	–
Paria Fuel Trading Company Limited	390	386
The Guaracara Refining Company Limited	193	171
The Government of the Republic of Trinidad and Tobago (GORTT)		
- Value-added Tax Refundable	255,915	128,297
	1,933,908	128,854

(ii) *Due to related parties*		
Petroleum Company of Trinidad and Tobago Limited	–	51,991
Paria Fuel Trading Company Limited	15,631	15,279
Trinidad Petroleum Holdings Limited	–	5,085
The Guaracara Refining Company Limited	297	1,804
The Government of the Republic of Trinidad and Tobago (GORTT)		
- Royalties	160,504	102,091
- Production taxes	28,684	21,711
- Supplemental petroleum taxes	315,662	–
	520,778	197,961

On 6 December 2021, the Board of Directors of the Group approved the following intercompany settlement effective 30 September 2021:

- The netting of amounts due from Petrotrin (TT$74,351) against amounts due to Petrotrin (TT$56,785).

Production taxes includes petroleum levy and petroleum impost which are all payable to the Ministry of Energy and Energy Industries (MEEI).

The Group also transacts in the normal course of business with other government owned entities such as Telecommunications Services of Trinidad and Tobago Limited (TSTT), Water and Sewage Authority (WASA) and Trinidad and Tobago Electricity Commission (T&TEC).

(Presented in Thousands of Trinidad and Tobago Dollars)

	2021 $	2020 $
17. Short-term investment		
Short-term investment	156,284	156,239

a. Accounting policy

The short-term investment represents an investment with an original maturity of sixty-one (61) days. As at 30 September 2021, the investment was held with Credit Suisse AG as restricted amounts which comprises cash collateral held for a standby letter of credit (Note 32 (b)).

b. Financial risk management

The effective interest rates on cash and short-term deposits were between 0.1% and 0.3% (2020: 0.24% and 1.88%) per annum.

c. Fair value of short-term investments

Due to the short-term nature of these investments, the carrying amount is assumed to be the same as the fair value.

	2021 $	2020 $
18. Cash and cash equivalents		
Current bank and cash balances	2,070,986	1,100,731

a. Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdraft. Short term bank deposits are presented as cash and cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable within 24 hours' notice with no loss of interest.

19. Assets held for sale

The Group has agreed to sell 100% of its interest in the Colibri Divestment subject to government, regulatory and Lenders (of the Parent) approvals.

On 27 May 2020, the Board of Directors ratified the decision to dispose of the Colibri Development. Management considered the asset to meet the criteria to be classified as held for sale at that date for the following reasons:

- The block is available for immediate sale and can be sold to the buyer in its current condition.
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification.
- A potential buyer has been identified and negotiations as at the reporting date are at an advanced stage.

(Presented in Thousands of Trinidad and Tobago Dollars)

19. Assets held for sale and Liabilities directly associated with the assets held for sale

On 26 March 2021, the Board approved the inclusion of the Company's interest in PFLE (marketing company) and NCMA 1 - Block 9 assets and related decommissioning obligation, a producing asset, as part of the Colibri divestment. These were classified as assets held for sale at their carrying amounts in financial year 2021.

Events and circumstances have extended the period to complete the sale beyond one year and these events were beyond the Group's control and the Group remains committed to its plan to sell the assets.

The Group entered into a Sale and Purchase Agreement for 100% of its interest in Block 3A with NGC Caribbean Investments Limited. The transaction was completed on 31 December 2020.

The major classes of assets of Block 3A and Colibri Divestment classified as held for sale as at 30 September 2021 and 2020 are as follows:

	Block 3A $	Asset – Colibri Divestment $	Total $
Transfer of novated assets	141,347	61,142	202,489
Additions in 2019 and 2020	158,109	128,467	286,576
Impairment losses	(101,089)	(83,846)	(184,935)
Balance as at 30 September 2020	198,367	105,763	304,130
Transfer of NCMA Block 9 (Note 5)	–	45,410	45,410
Transfer of investment in associate (Note 8)	–	1,791	1,791
Additions	109,228	158,369	267,597
Proceeds from sale	(307,246)	–	(307,246)
Loss on sale (Note 27)	(349)	–	(349)
Change in decommissioning provision	–	(11,019)	(11,019)
Balance as at 30 September 2021	–	300,314	300,314

	2021 $	2020 $
Liabilities directly associated with assets held for sale	515,652	–

The Liabilities are directly associated with assets held for sale relates to the NCMA – BLK 9 a producing asset.

The fair value less costs to sell was estimated as follows:

- Block 3A – The fair value less costs to sell represents the amount at which the assets were disposed of subsequent to year-end, 31 December 2020. On 31 December 2020, the full consideration of US$45,576 (TT equivalent $307,246) was received in full and final settlement.

(Presented in Thousands of Trinidad and Tobago Dollars)

19. Assets held for sale and Liabilities directly associated with the assets held for sale (continued)

- Colibri Divestment – The Colibri Divestment assets (comprising NCMA 4 and Block 22), non-producing blocks, PFLE (marketing company) and NCMA 1 - Block 9 assets and related decommissioning obligation, a producing asset, were classified as assets held for sale at their carrying amounts. The fair value information for the Colibri Development is based on information available to management as at the date presented. Although management is not aware of any factors that will significantly affect the fair value amounts, such amounts have not been comprehensively revalued for the purposes of these consolidated financial statements and, therefore the current estimates of the fair value may be different from the amounts presented herein.

20. Stated capital

	2021 $	2020 $
Authorised:		
An unlimited number of ordinary shares of no par value		
An unlimited number of preference shares of no par value		
Issued and fully paid:		
1 ordinary share of no par value	–	–

a. Accounting policy

Stated capital
The ordinary share has no par value and entitles the holder to participate in dividends, and to share in the proceeds of winding up the parent company in proportion to the number of the shares held. On show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll share is entitled to one vote.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

21. Borrowings

	2021 $	2020 $
Opening amount as at 1 October	321,540	320,794
Exchange differences	(401)	746
Closing amount as at 30 September	321,139	321,540

This is an interest free, unsecured loan with no fixed terms of repayment. The loan is with related parties (the predecessor shareholder Petrotrin and NGC) and is repayable on demand. There are no covenants for these borrowings (See Note 4(d)).

(Presented in Thousands of Trinidad and Tobago Dollars)

22. Consolidated reserves	**2021 $**	**2020 $**
Consolidated reserves	237,366	237,366

The Group accounts for common-control business combinations using the predecessor-values method. Predecessor values of the assets and liabilities acquired are consolidated without any step up to fair value as at the date of the business combination. Under this method, the financial position of the acquired entity is recorded as a consolidated reserve within equity and there is no goodwill created by the transaction.

23. Currency translation differences	**2021 $**	**2020 $**
Currency translation differences	148,479	116,671

This represents cumulative foreign currency translation differences between the Group's functional currency which is United States dollars and its presentation currency which is Trinidad and Tobago dollars.

24. Decommissioning provision	**2021 $**	**2020 $**
Opening amount "as at 1 October"	5,225,201	5,073,896
Unwinding of discount (Note 29)	240,287	268,602
Decrease in decommissioning provisions (Note 5)	(298,146)	(66,354)
Decrease in decommissioning provisions (Note 27)	(19,752)	(74,665)
Transfer to liabilities directly associated with the assets held for sale (Note 19)	(515,652)	–
Change in held for sale provision	(11,019)	–
Translation differences	(12,473)	23,722
Closing balance "as at 30 September"	4,608,446	5,225,201
Of which:		
Current portion	–	3,561
Non-current portion	4,608,446	5,221,640
	4,608,446	5,225,201

This provision represents management's best estimate of the cost of dismantling exploration and production assets at the end of the producing lives of the fields and at the end of their useful life and includes the costs of environmental remediation. The estimated decommissioning cost at the end of the producing lives of fields is reviewed annually and is based on engineering estimates and reports. For the year ended 30 September 2021, the estimated decommissioning cost was compiled using a third-party service provider, utilising information provided by management. Key information provided was offshore well information, onshore well information and onshore and offshore facilities including pipelines based on what was novated as part of the asset vesting.

(Presented in Thousands of Trinidad and Tobago Dollars)

24. Decommissioning provision (continued)

The decrease in provisions in 2021: $19,752 (2020: $74,665) which relates to an adjustment to the abandonment liability carried for the Point Fortin Refinery. This adjustment is reflected in cost of sales within the consolidated statement of comprehensive income (Note 27) as the asset has a nil net book value.

The amount and timing of settlement in respect of future exploration and production decommissioning provisions are uncertain and dependent on various factors that are not always within management's control but are currently anticipated to be between 2021 and 2070. A 1% change in the escalation and discount rate will have the following impact on the decommissioning provision.

Sensitivities	**$**
1% increase in discount rate	3,835,195
1% decrease in discount rate	(7,089,811)
1% increase escalation rate	7,078,501
1% decrease escalation rate	(3,839,767)

a. Accounting policy

Provision for decommissioning is recognised in full at the commencement of oil and gas production. The amount recognised is the net present value of the estimated cost of decommissioning at the end of the economic producing lives of the wells. Such costs include removal of equipment, restoration of land or seabed. The unwinding of the discount on the provision is included in profit or loss within finance costs.

A corresponding oil and gas properties is also created at an amount equal to the provision. This is subsequently depleted as part of the capital costs of the production assets. Any change in the present value of the estimated expenditure or discount rates are reflected as an adjustment to the provision and the oil and gas properties and dealt with prospectively.

When decommissioning liability is shared with other parties, as in the case of jointly controlled assets, the Group recognises as its provision, the proportion for which it is liable.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a risk-free rate in the same currency as the obligation and with similar maturity.

These discount rates were obtained from the US Treasury Yield Curve as quoted by Bloomberg and the escalation rate is obtained from reliable external sources who provide industry data and market information and projections, PIRA, IHS Markit and Oxford as at 30 September 2021. The provision has been estimated using existing technology, at current prices using an escalation rate of 2.00% (2020:2.25%) and discounted at rates between 2.19% and 4.18% (2020:2.16% and 5.13%) based on reserves.

(Presented in Thousands of Trinidad and Tobago Dollars)

25. Trade and other payables

	2021 $	2020 $
Non-current		
Abandonment liability – Third Party	34,953	15,765
Current		
Trade payables	60,040	57,020
Accruals	583,328	485,905
Abandonment liability – Third Party	26,690	41,112
Other payables	34,917	4,491
Royalties and other fees	18,488	11,637
	723,463	600,165

a. *Accounting policy*

Trade payables
Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Abandonment liability – Third Party
The Group became party to Petrotrin's Lease Operator and Farm Out (LOFO) and Incremental Production Service Contracts (IPSC) arrangements by virtue of the legal vesting process whereby all E&P contracts were vested from Petrotrin to them. Under these arrangements the other party is required to remit to the Group on a monthly basis an amount per barrel of oil equivalent that they produce. The funds are deposited in a separate bank account with a corresponding liability set up and included within trade and other payables in the consolidated statement of financial position. Upon expiry or earlier termination of these agreements the Group shall calculate the contracted party's abandonment contribution for eventual abandonment and notify the contracted party of same. If based on the Group's calculation the liability for eventual abandonment is more than the amount included in the abandonment fund this shall remain a debt owing and due to the Group and may be deductible from any amounts owed to the contracted party whether under this agreement or any other contract the Group has with that party. If the amounts in the fund exceed the liability calculated the surplus shall be paid by the Group to the contracted party. When this occurs, the amount of the liability will be released to the consolidated statement of comprehensive income. The historic experience is that the majority of expired LOFO and IPSC agreements were renewed on expiry and contributions to the abandonment fund continued; as such the cumulative contributions remain accounted for as an abandonment liability in trade and other payables on the consolidated statement of financial position.

b. *Fair value of trade payables*

Due to the short-term nature of the current payables, their carrying amount is assumed to be the same as their fair value.

(Presented in Thousands of Trinidad and Tobago Dollars)

26. Revenue from contracts with customers

	2021 $	2020 $
Crude oil sales	6,155,559	4,415,835
Natural gas sales	459,066	150,152
Royalty income	198,142	164,389
Natural gas liquid sales	14,255	9,417
	6,827,022	4,739,793

a. *Accounting policy*

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

Under the adoption of IFRS 15, revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised, they are as follows: identify contracts with customers, identify the separate performance obligation, determine the transaction price of the contract, allocate the transaction price to each of the separate performance obligations, and recognise the revenue as each performance obligation is satisfied.

Heritage bases its estimates on the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales revenue

Revenue from the sales of crude oil, natural gas and refined products is recognised when control is transferred for the ownership of the product. In general, revenue is recognised:

- For crude oil – when the oil passes the vessels inlet manifold flange at the loading port for sales via shipments; or
- For natural gas and natural gas liquids - when it is transferred via pipelines to the customer's storage area.

The customer has full discretion over the channel and price to sell the product, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

No element of financing is deemed present as, typically, payment for the sale of the product is received either immediately or by the end of the month following the month in which the sale is recognised, which is consistent with market practice.

Revenues from the sale of crude oil and natural gas in properties in which Heritage has an interest together with other producers are recognised at a point in time on the basis of Heritage's working interest in those properties (entitlement method).

(Presented in Thousands of Trinidad and Tobago Dollars)

27. Expenses by nature

	Year ended 30 September 2021 Cost of sales $	Administrative expenses $
Purchases	(1,344,839)	–
Production expenses	(1,133,082)	–
Supplemental petroleum tax	(609,288)	–
Royalty	(504,404)	–
Depreciation, depletion and amortisation (Note 5, 6)	(491,883)	–
Production taxes	(200,428)	–
Employee benefits expense (Note 30)	(88,829)	(112,873)
Processing fees	(64,064)	–
Change in provision obsolescence	(34,348)	–
Depreciation on right of use assets (Note 7)	(1,906)	–
Movement in inventories	34,288	–
Decrease in decommissioning provision (Note 24)	19,752	–
Insurance	–	(39,997)
Green fund levy	–	(20,468)
Other expenses	–	(5,207)
Management fees	–	(5,086)
Loss on exchange of foreign currencies	–	(1,785)
Directors' fees (Note 16a)	–	(971)
Impairment of investment in subsidiary	–	(720)
Expected credit loss allowance	–	(470)
Loss on disposal	–	(349)
Legal and professional fees	–	8,536
	(4,419,031)	(179,390)

The two (2) year waiver on Supplemental Petroleum Tax obligations expired in June 2021.

(Presented in Thousands of Trinidad and Tobago Dollars)

27. Expenses by nature (continued)

	Year ended 30 September 2020 Cost of sales $	Administrative expenses $
Purchases	(1,020,838)	–
Production expenses	(902,723)	–
Depreciation, depletion and amortisation (Note 5, 6)	(541,390)	–
Royalty	(362,590)	–
Production taxes	(150,426)	–
Employee benefits expense (Note 30)	(100,012)	(108,586)
Processing fees	(62,723)	–
Change in provision obsolescence	(33,752)	–
Movement in inventories (Note 14)	(17,871)	–
Insurance	–	(31,446)
Legal and professional fees	–	(31,169)
Green fund levy	–	(14,219)
Management fees	–	(5,086)
Other expenses	–	(4,080)
Depreciation on right of use assets (Note 7)	(943)	–
Directors fees (Note 16a)	–	(445)
Expected credit loss allowance	–	(576)
Bad and doubtful debt	–	(4,004)
Decrease in decommissioning provision (Note 24)	74,665	–
Supplemental petroleum tax	786	–
Gain on exchange of foreign currencies	–	12,951
	(3,117,817)	(186,660)

28. Other operating income

	2021 $	2020 $
Pipeline rentals	5,420	11,826
Miscellaneous rental and other income	22,125	4,666
	27,545	16,492

(Presented in Thousands of Trinidad and Tobago Dollars)

29. Net finance cost	**2021 $**	**2020 $**
Finance expense – bank interest	(2,997)	(3,103)
Finance charge on decommissioning provision (Note 24)	(240,287)	(268,602)
Finance charge on leases (Note 7)	(540)	(424)
Interest income on short term investments	464	5,125
Interest income from bank balances	1,395	307
	(241,965)	(266,697)

a. Accounting policy

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

30. Employee benefits expense	**2021 $**	**2020 $**
Salaries and wages benefit	(145,999)	(161,516)
Allowances	(36,538)	(30,616)
Overtime	(674)	(1,482)
Medical insurance	(2,881)	(3,045)
Defined contribution plan – pension expense	(9,511)	(6,906)
National insurance	(6,099)	(5,033)
	(201,702)	(208,598)
Broken down as follows:		
Cost of sales (Note 27)	(88,829)	(100,012)
Administration expenses (Note 27)	(112,873)	(108,586)
	(201,702)	(208,598)

The Group has a defined contribution plan. The Plan is governed by the Central Bank of Trinidad and Tobago (CBTT) and the Board of Inland Revenue (BIR) in accordance with the laws of Trinidad and Tobago. Responsibilities of the governance of the Plan including investment strategies, lies with Guardian Life Asset Management (GAM) and the Unit Trust Corporation of Trinidad & Tobago (UTC). The Group's contribution to the defined contribution plan is charged to the statement of comprehensive income in the year to which they relate.

(Presented in Thousands of Trinidad and Tobago Dollars)

31. Taxation expense

a. Income tax expense

	2021 $	2020 $
The major components of income tax credit for the years ended 30 September are:		
Current tax		
Current tax charge	643,730	2,660
Deferred tax		
Relating to origination and reversal of valuation allowance on deferred tax assets	628,644	(28,621)
Income tax charge/(credit) for the year	1,272,374	(25,961)

The tax assessed on the profit on ordinary activities for the year is different from the standard rates of tax of 55% in Trinidad and Tobago. This difference is reconciled below:

	2021 $	2020 $
Accounting profit before tax	1,955,055	991,899
Current tax expense at 55%	1,075,280	545,544
Non-deductible expenditure less income exempt from tax	31,178	28,951
Impact of change in tax rate	–	5,211
Valuation allowance	103,144	(594,044)
Under/(over) provision	62,772	(11,623)
	1,272,374	(25,961)

b. Accounting policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The Group is party to several exploration and production (E&P) licences, as well as three Production Sharing Contracts (PSCs). The three PSCs are indemnified for tax purposes.

32. Contingent liabilities

a. Litigation

The Group is a party to certain legal actions brought against it by third parties. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not result in any significant additional liabilities and therefore no provision has been made in these consolidated financial statements.

b. Letter of credit

The Group has an outstanding letter of credit facility with Credit Suisse AG, New York for US$23,113 equivalent TT$156,269 (2020: US$22,856 equivalent TT$154,565). This credit facility was established to meet Heritage's 15% share of its abandonment liability with respect to its TSP Joint Operation. Effective 31 December 2021, this facility was increased to US$23,203 equivalent (TT$156,540).

c. Guarantees

Heritage is a Guarantor on parent company, TPHL senior secured and unsecured debt obligations comprising (Note 2 (a) (ii) and Note 4 (d)):

(i) US$603,000 Senior Secured Term Loan facility made up of a Tranche A and Tranche B with varying interest rates and principal repayment dates.

- Tranche A comprises a US$388,000 loan with a three (3) years tenor maturing 15 June 2022. Interest on this tranche is at US 3-month LIBOR plus step-up margins at different intervals and payable quarterly in arrears, commencing 15 September 2019. Principal will be amortised quarterly at five percent (5%) beginning 15 June 2021, with the remaining balance payable at maturity. As at 30 September 2021, the principal balance outstanding on Tranche A was US$325,106 (TT$2,193,347). The interest rate as at 30 September 2021 was 6.116%
- Tranche B comprises a US$215 million loan with a seven (7) years tenor maturing on 15 June 2026. Interest on this tranche is at US 3-month LIBOR plus a margin and payable quarterly on the respective Tranche A interest payment dates. Equal principal amortisations are scheduled from 15 December 2020 and continue quarterly until maturity date. As at 30 September 2021, the principal balance outstanding on Tranche B was US$166,988 (TT$1,126,592). The interest rate as at 30 September 2021 was 6.616%.

(ii) US$570,265 9.75% Senior Secured Notes. Interest on these Notes is payable quarterly in arrears, commencing 15 September 2019 and the principal balance is due at maturity on 15 June 2026. As at 30 September 2021, the principal balance outstanding on these Notes was US$570,265 (TT$3,847,321).

(iii) 6.00% amortising Senior Unsecured Notes which mature on 8 May 2022. Principal amortisation and interest on these Notes are payable semi-annually in arrears on 8 May and 8 November, respectively. As at 30 September 2021, the principal balance outstanding on these Notes was US$20,738 (TT$139,907).

(Presented in Thousands of Trinidad and Tobago Dollars)

32. Contingent liabilities (continued)

c. Guarantees (continued)

As a guarantor on TPHL's Senior secured loan Heritage is also required to comply with the following other obligations:

i. Senior lenders have a first priority security interest under New York law and/or Trinidad and Tobago law as applicable over certain of the Group's assets including equipment and fixtures, inventory and receivables.

ii. Heritage is required to maintain a Debt Service Reserve Account with a Bank, which at any date of determination must satisfy a Reserve Requirement consisting of interest and senior secured creditor fees if any that is scheduled to become due and payable on the senior secured obligations during the three (3) consecutive months succeeding such date of determination. As at 30 September, the balance in this account is shown below:

Restricted cash - debt service reserve	**2021 $**	**2020 $**
Opening amount as at 1 October	177,692	176,048
Change	(416)	1,644
Closing amount as at 30 September	177,276	177,692

iii. At least 70% of Heritage's net revenues from the sale of Product must be paid into a Collection Account held with a Bank and there are no restrictions over use of these funds except in the case of collateral event of default under the Master Collateral and Intercreditor Agreement. As at 30 September 2021, there has been no collateral event of default.

iv. The Group is also subject to a number of negative covenants, including restrictions on the Group's ability to create liens, limitations on additional indebtedness, dividends and/or restricted payments, asset sales and sale and leaseback transactions, limitations surrounding capital expenditure and investments, transactions with Affiliates (including Petrotrin), negative pledges and conditions for mandatory prepayments.

33. Commitments

a. Sales commitments

The Group has entered into sales contracts with a number of its customers. At the reporting date, these amounted to approximately TT$1,110,651 (2020: TT$712,907) as outlined below:

Product	***2021***		***2020***	
	Barrels	**$000**	**Barrels**	**$000**
Crude oil	2,022,492	1,110,651	2,598,805	712,907

b. Capital commitments

	2021	**2020**
	$	**$**
Authorised and contracted for and not provided for in the consolidated financial statements	36,454	67,613

34. Interests in other entities

Interest in joint operations

The Group has shared control in the following joint operations which are all based in Trinidad and Tobago:

Effective interest	**2021**	**2020**
Moruga West	40.00%	40.00%
Central Block	35.00%	35.00%
Galeota	Nil	35.00%
East Brighton Block	30.00%	30.00%
Point Ligoure, Guapo Bay, Brighton Marine (PGB)	30.00%	30.00%
Block 3A	Nil	20.13%
NCMA 4	20.00%	20.00%
Rio Claro Block	20.00%	20.00%
Ortoire Block	20.00%	20.00%
St. Mary’s Block	20.00%	20.00%
NCMA Block 9 – Offshore	19.50%	19.50%
South East Coast Consortium	16.00%	16.00%
Teak, Samaan, Poui (TSP)	15.00%	15.00%
Block 22	10.00%	10.00%

These joint operations are involved in the exploration for and production of crude oil and natural gas. They represent unincorporated, jointly controlled operations. The Group’s interest in the assets, liabilities, income, losses and expenditures of these ventures is included in the relevant components of the Group’s consolidated financial statements, except for assets of Block 3A, NCMA Block 9, NCMA 4 and Block 22, which are classified as held for sale (Note 19). During the year, the Company’s interest in the Galeota JV was converted to an Overriding Royalty Arrangement.

35. Subsequent events

a. The letter of credit established to meet Heritage's 15% share of its abandonment liability with respect to its TSP Joint Interest was increased to US$23,203 equivalent (TT$156,540) effective 31 December 2021. See Note 32 (b).

b. Subsequent to year end, crude prices have averaged US$94/barrel up to February 2022 compared to US$60/barrel for the 12 months ended 30 September 2021.

c. Heritage received net cash proceeds of US$2,400 equivalent (TT$16,207) on 28th December 2021 representing a one-time Petroleum Production Bonus cash payment arising from the Reserve Asset Sale of Heritage's Participating Interest in Block 3(a).

d. On 18 April 2022, the Board of Directors of Heritage approved the intercompany transfer of the amount receivable by the Company from the Petroleum Company of Trinidad and Tobago Limited (Petrotrin) (See Note 16 (c)) to Trinidad Petroleum Holdings Limited (TPHL) effective 31 March 2022.

Further, Heritage proposed that the Board of Directors declare a final dividend for FY 2021, an interim dividend for the half year ended 31 March 2022 and a special dividend ahead of the financial year end to distribute to its shareholder TPHL, the assurance process for which is currently being addressed by the Board of Directors and regulatory authorities. It is intended that the dividends will be distributed over a period of 12 months from the 13 April 2022, the date of approval of the 30 September 2021 audited consolidated financial statements.