



2021 ANNUAL REPORT



 **Barbados National Oil Co. Limited,
Woodbourne, St Philip**

 **(246) 418-5200**

ANNUAL REPORT

& AUDITED STATEMENTS

2021

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BARBADOS NATIONAL OIL COMPANY LIMITED

MISSION STATEMENT

To efficiently and economically identify and produce hydrocarbon resources and utilise the Petroleum Value Chain and emerging solar technologies to contribute to energy production in Barbados

VISION STATEMENT

To become a fully integrated energy company by providing affordable energy products and services through the efficient management of reserves, production and new technologies while contributing to the energy security of Barbados

Corporate Information

Registered Office

Woodbourne, St Philip, Barbados

Shareholders

Government of Barbados
National Petroleum Corporation

Attorneys-At-Law

Mr. Roger C Forde, QC
Mr. Barry Gale, QC
Charles Russell Speechlys

Corporate Secretary

Mrs. Donna Harris- Thornhill

Auditor

PricewaterhouseCoopers SRL

Banker

Republic Bank (Barbados) Limited



Board of Directors – BNOCL

Mr. William McDonald – Chairman (Until June 30, 2021)

Mr. Victor A Fernandes – Chairman (Appointed July 1, 2021)

Ms. Lachmi Connell – Deputy Chairperson, Representative of the National Petroleum Corporation (until December 1, 2020)

Mr. David Straughn (until December 1, 2020)

Mr. Jamar White, Representative of the Ministry of Energy & Water Resources

Ms. Alexandra Daniel (until December 1, 2020)

Mrs. Andria Shepherd-Payne

Mrs. Stephanie Catling-Birmingham

Board of Directors – BNOCL

Mr. Ross Maynard (Appointed December 1, 2020)

Ms. Liesel Weekes (Appointed December 1, 2020)

Ms. Averill Brathwaite, Representative of the Ministry of Finance & Economic Affairs

Dr. Erwin Edwards (Appointed December 1, 2020)

Dr. Asquith Thompson – Deputy Chairman, Representative of the National Petroleum Corporation (Appointed December 1, 2020)

Mrs. Collette Applewhaite (Appointed December 1, 2020)

Mr. Kwame Bradshaw (Until December 1, 2020)

**Board of Directors – BNTCL**

Mr. William McDonald – Chairman (Until June 30, 2021)

Mr. Herbert Yearwood – Deputy Chairman

Mr. Jamar White, Representative of the Ministry of Energy & Water Resources

Ms. Alexandra Daniel

Mrs. Andria Shepherd-Payne

Ms. Averill Brathwaite, Representative of the Ministry of Finance & Economic Affairs

Ms. Lasandra Bobb

Ms. Jamila Burgess

Dr. Kim Burton (Until April 12, 2021)

Ms. Gillian Morris (Until September 14, 2020)

Mr. David Staples

Ms. Lana Trotman

Senior Management

Mr. James Browne – Chief Executive Officer

Mr. Ashley Bignall – Chief Financial Officer

Mr. Ronnie Gittens – Group Human Resources Manager

Mr. Terrence Straughn – Operations Manager

Mr. Wesley Carter – Trading and Marketing Manager

Mr. Pedro Bushelle – Group Information Technology Manager

Mrs. Carolyn Forde-Bryan – Internal Auditor

Mr. Damien Catlyn – Group Health, Safety, Security and Environmental Manager



Board of Directors



Mr. William Alex McDonald
(Chairman - BNOCL/BNTCL)
until June 30, 2021



Mr. Victor A Fernandes
(Chairman - BNOCL)
from July 1, 2021



Ms. Lachmi Connell
Deputy Chairman - BNOCL
Representative of NPC
until December 1, 2020



Dr. Asquith Thompson
BNOCL
appointed December 1,
2020



Mrs. Andria Shepherd-Payne
BNOCL/BNTCL



Mrs. Stephanie Catling-Birmingham
BNOCL



Mr. David Straughn
BNOCL
until December 1, 2020



Mrs. Collette Applewhaite
BNOCL
appointed December 1,
2020



Mr. Jamar Whites
BNOCL/BNTCL



Mrs. Averil Brathwaite
BNOCL/BNTCL



Dr. Erwin Edwards
BNOCL
appointed December 1,
2020



Mr. Ross Maynard
BNOCL
appointed December 1,
2020



Ms. Liesel Weekes
BNOCL
appointed December 1,
2020



Mr. Herbert Yearwood
BNTCL



Ms. Jamila Burgess
BNTCL



Dr. Kim Burton
BNTCL
until April 12, 2021



Ms. Lana Trotman
BNTCL



Ms. Lasandra Bobb
BNTCL



Ms. Gillian Morris
BNTCL
until September 14, 2020



Ms. Alexandra Daniel
BNTCL



Mr. David Staples
BNTCL



Mr. Kwame Bradshaw
BNOCL
Until December 1, 2020

Message From the Board

With each year, the BNOCL Group evolves into the fitter, stronger, more resilient energy company to which we are all working towards.

While the focus of the group is still very much on the on-shore exploration and recovery of fossil fuels, I am happy to report that this year we saw the ramping up of the Renewable Energy (RE) division through the deployment of resources, both human and material into this ever-growing enterprise. In actuality, the division has grown so strongly, that later in the year we were forced to “cool down” the ardor of our customers and colleagues, as demand had far outstripped our ability to professionally manage the deployment of solutions to households, while at the same time investigating more commercially graded projects such as wind and biogas solutions to add to our portfolio.

While much of the action was onshore, we are also happy to report that the Group played its part in securing an agreement with a major oil company to help explore Barbados' offshore reserves. BHP Billiton will be the first company to work with Barbados and the company in a “boots on the ground” effort to take advantage of our patrimony offshore. The groundwork for this deal was made smoother by Barbados signing a unitization agreement with the Republic of Trinidad and Tobago – an agreement that the BNOCL team assisted in developing, but that was driven through the vision of The Hon. Mia Amor Mottley, Prime Minister of Barbados and supported by her counterpart The Hon. Dr. Keith Rowley, Prime Minister of Trinidad and Tobago.

The annual report will give the reader more detailed information on the technical aspects of the Group's ventures. The Board, however, wishes to use this space to underline the many and broader mandates that the Company has assumed and executed in these very trying times.

The Covid-19 pandemic is, at the time of writing this report, at its height, and the world has been in a state of suspended animation for almost 14 months. The BNOCL Group has, like many other companies, initially struggled to find its feet in these unprecedented times. The issues of the ability to work in the oil fields, working from home for administrative staff, and the supply and demand realities for fuels along with their storage proved challenging.

Market uncertainty, and the bizarre fluctuations of the oil pricing which at one time hit a low of \$19.78 USD per barrel (WTI) in April of 2020, highlighted that we were entering terra incognita. Not a very auspicious start to our financial year!

These very low prices created a scenario where we had to, for the first time in a long time, store unprecedented levels of locally produced oil onshore to avoid selling at unnaturally low prices to our refiner and therefore realizing a great financial loss. Fortunately, prices have increased and near normalcy was returned.

Despite these several challenges, the Group, keeping its eye on the bigger picture, being ever mindful that many other companies were under increasing pressure, decided to redouble its efforts in our community to improve the quality of life for Barbadians through increased philanthropic efforts.

The Group participated in a science and technology expo in March 2020 hosted by the University of the West Indies Cave Hill Campus (UWI) with a view of attracting new talent to the Company. Our colleagues made donations to the Chefette Fun Run Charity and launched a social media campaign called “View from My Room” where, at the height of the lockdown we invited our social media followers to share a view of “outside” from their perspective. This was widely enjoyed by our social media followers.

Through the Ministry of Education, we donated laptops and tablets to be given to needy students. We also donated tablets to The Schoolhouse for Special Needs so that their students could be included in the online learning experience.

To assist with the fight against spreading COVID-19 we donated masks, gloves, and hand sanitizer to be used by our adopted school in our area – St Bartholomew Primary School. Later, we again donated tablets to the Gordon Walters Primary School, another one of our adopted schools in our area.

During this time, we also launched our partnership with the Samuel Jackman Prescod Institute where we endowed 11 students with full scholarships to that institution with a special focus on renewable studies, mechanics and welding technology. Currently we are considering endowing a Chair in renewable studies at that same institution.

Our participation in the “Then What” charity was launched and through this effort we were able to donate food to five needy families for three months. This was another expression of the national drive to make life easier for the most vulnerable in our society, and the Group was happy to do its part.

During the financial year, we said goodbye to the Hon. Wilfred Abrahams- Minister of Energy and Water Resources and welcomed the Hon. Kerrie Symmonds who assumed stewardship of our company in his new Ministry – the Ministry of Energy, Small Business and Entrepreneurship. The Group was honored to receive him at our Woodbourne offices on September 09, 2020.

The calendar year 2020, will go down as one of the most challenging for everyone across the globe. This was the year that old systems were turned on their head and old companies were challenged to change or perish, the latter of which, sadly many of them did. The fact that our business has come through the year, slightly bruised but wiser and fitter, clear eyed and ready to face the challenges of the '20s, with renewed vigor and determination is a testament to the character of our BNOCL / BNTCL team.

The Board of Directors extends its warmest congratulations and sincere thanks to the management of the Group, the colleagues on the frontline in both companies and all the stakeholders who have contributed to what successes we have had.

It would be ungracious if we were not to also recognize the quiet and gentle hand of support from our parent Ministry and other Ministries in helping us to meet our ambitions and in doing so meet the Government's targets for us. Without the consistent stout support from our line Ministers (Abrahams at first and then Symmonds) we could not have achieved the transitions that we have undertaken, and we thank them as well.

As we approach 2022, the outlook is by no means clearer, but there are signs of the global economy cautiously rebounding to pre-COVID times. Let us work toward taking the best lessons learnt during these hard times and applying them, along with our pragmatic approach, to serve the outcomes that the people of Barbados demand from us.

Corporate Profile

The Barbados National Oil Company Limited (a continuation of Mobil Exploration Inc, after they ceased onshore exploration and production operations in Barbados) was established on January 17, 1986.

The Company's primary objective and core business is the economic exploration and production of the country's hydrocarbon potential onshore Barbados. Its secondary, but equally important objective is to ensure that energy products are supplied to the country at the most competitive prices on a sustainable, efficient and reliable basis.

BNOCL has constantly pursued the diversification of the energy mix in the country, particularly as it relates to alternative energy sources for commercial and industrial purposes. The objective of this policy direction is to assist in reducing the country's dependence on imported fossil fuels, thereby reducing the demand for foreign exchange, while contributing to the protection of the environment.

BNOCL's Operations

BNOCL's upstream operations are onshore only and are conducted under a Mineral Lease Agreement with the Government. This lease authorises the Company to carry out exploration and production activities in an area of 16,438 acres (6,652.2 hectares) in the parishes of St Philip, St George, St Thomas and St Andrew as shown in Figure 1. In its operations, the Company employs various enhanced recovery techniques on low-producing wells to increase the rate of recovery.

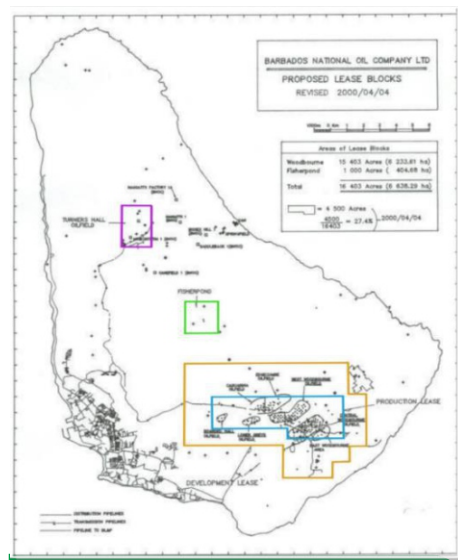


Figure 1: Map of Barbados showing the four locations making up the Mineral Lease.

A number of distinct geological providences in the Woodbourne area; namely Central and West Woodbourne, Lower Greys, Hampton and Edgcumbe are the main production sites of the Company's crude oil.

Previously, the crude was refined by Petrotrin at Point-a-Pierre Refinery under a Processing Agreement. This Processing Agreement was mutually discontinued in September 2018. BNOCL currently sells its crude to Petrojam.

BNOCL has a 30.4% equity interest in an Associated Company, Asphalt Processors Inc.

The BNOCL Group comprises three (3) wholly owned subsidiary companies:

- **Barbados National Oilfield Services Limited (BNOSL)** was incorporated in 1998 to provide the services of Operator under a Production Sharing Contract (PSC). Subsequent to the conclusion of that PSC in 2004, BNOSL was retained to execute the exploration and production activities on behalf of the parent company.
- **Barbados National Terminal Company Limited** was incorporated in 1998 following the closure of the Mobil refinery. Its purpose is to manage the storage and distribution of gasoline, diesel and heavy fuel oil, as well as the storage and exportation of crude oil on behalf of the Group. BNTCL also stores aviation (jet) fuel and kerosene on behalf of the major oil companies. BNTCL, which was constructed in 2004, commenced operations at the temporary Needham's Point Facility in St Michael. It currently operates from its state-of-the-art terminal at Fairy Valley, Christ Church.

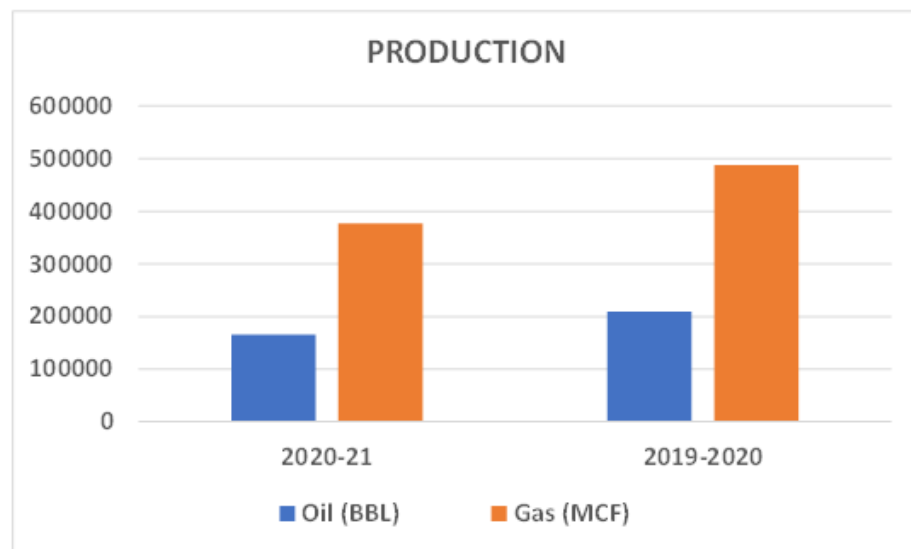
Heavy fuel oil is handled at the Esso Terminal at Holborn, St Michael under a long-term lease agreement with Esso Standard Oil S.A. The decision to use the Holborn Terminal for fuel oil was partially influenced by its proximity to the Barbados Light and Power (BL&P) power generating plant at Spring Garden, which consumes approximately 95% of the imported heavy fuel oil.

- **Barbados National Oil Holding Company Limited (BNOHCL)** manages certain real estate assets owned by the Group

Technical & Operations Overview

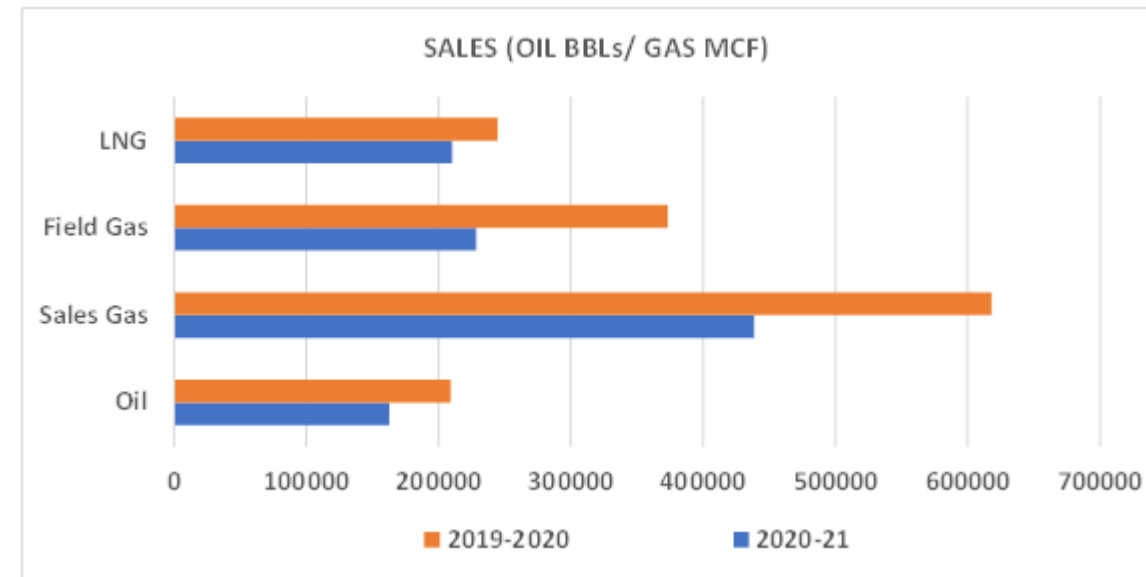
Crude Oil and Natural Gas Production

Oil and gas production decreased significantly by 21% and 23% respectively in comparison to the previous fiscal year. Actions taken and protocols implemented to mitigate the spread of COVID-19 impacted negatively on the local workforce as well as the activities of contractors required to travel to perform work at BNOCL. With no new oil and little recompletion activity, production declined. The decline was attributed to a combination of natural decline and mechanical decline.



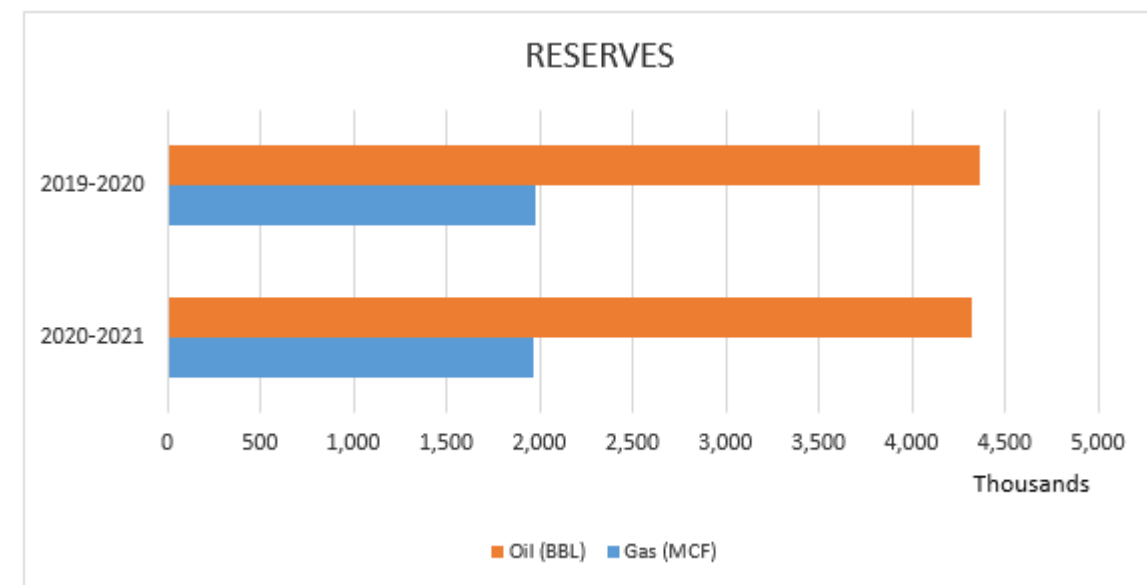
Crude Oil and Natural Gas Sales

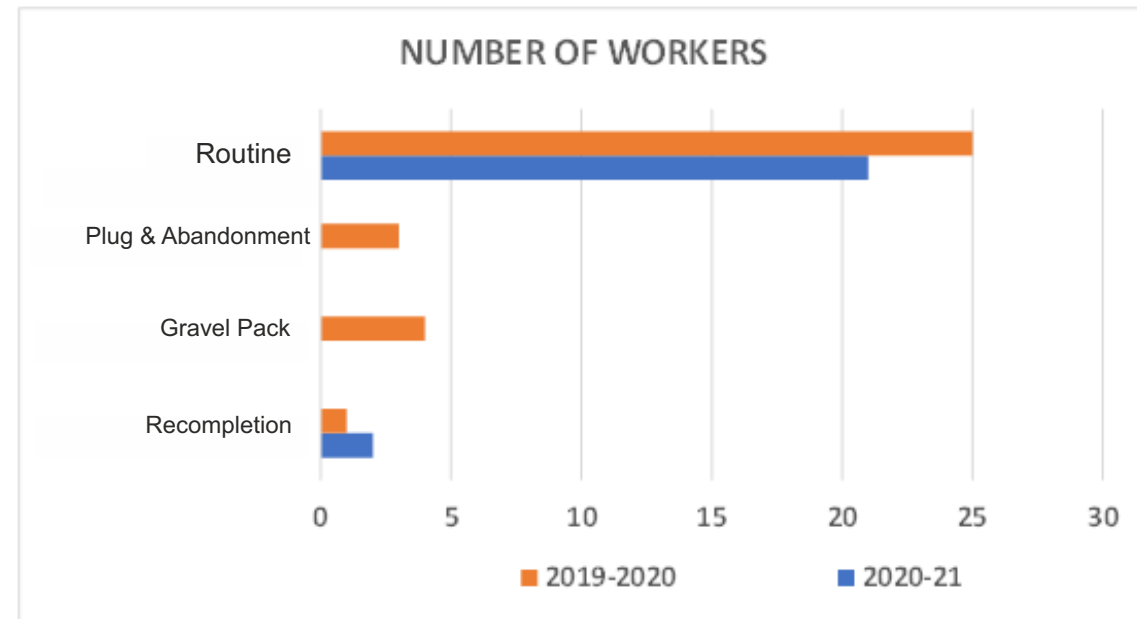
The reduction of 22% in annual crude oil sales from 208,987bbl to 162,847bbl was commensurate with the crude oil production reduction of 21%. The COVID-19 Pandemic impact on local economic activity as well as the effect on tourism resulted in a 29% decrease in gas sales from 617,937MCF in financial year 2019/20 to 438,561MCF in financial year 2020/21. Since December 2015, Sales of Gas constituted a mixture of gasified imported liquefied natural gas (LNG) and gas produced by BNOCL's wells referred to as Field Gas. The reduction in overall gas demand of 29% had a more serious impact on the Field Gas which declined by 39%, while LNG declined by 14%. The greater reduction in Field Gas relative to LNG is reflected in the Sales Gas composition. During the financial year 2020/21 gas sold was composed of Field Gas 52%/ LNG 48% while the relative composition was Field Gas 60%/ LNG 40% in the in the previous year.



RESERVES

At March 31, 2021 oil reserves were assessed at approximately 1.97MMbbl and gas reserves at 4.32BCF. The 2021 assessment has decreased marginally by 1% for both oil and gas in comparison to the assessment at March 31, 2020. The marginal change is the result of a year with little activity, no drilling, few recompletions and no enhanced recovery work as well as evaluation under more favourable conditions in 2021 with lower operating cost, higher oil and higher gas prices.





No non-routine work was performed which involved contractor Baker Hughes Inc. (BHI) based in Trinidad & Tobago. The impact of the COVID-19 Pandemic resulted in airlines being grounded and many country borders being closed. While Barbados' borders were never closed, commercial flights ceased from the start of the financial year until July 11th. Following the resumption of commercial flights into Barbados on July 12th Trinidad & Tobago's borders remained closed with travel permission having to be sought for both outward and inward travel. Additionally, travel by charter flight was the only means of travel from T&T. This led to BHI not travelling to fulfil its contractual requirements despite being mobilized in October. In November 2020 BNOCL was notified that BHI's Pressure Pumping arm was being discontinued which rendered the Sand Control & Fracture Stimulation contract null and void. This lack of activity in the financial year contributed to a 30% reduction in the number of jobs in comparison to financial year 2019/20.

Offshore Activity

Due to the ongoing COVID-19 pandemic, training initiatives for the offshore were delayed. However, the BNOCL/ Netherland Sewell and Associates (NSAI)/ Ministry of Energy (MOE), Joint Offshore Barbados Seismic Interpretation Project (JOBSIP) continued. The purpose of this project was to:

- Identify and regionally map key basins and exploration play fairways offshore Barbados.
- Identify and map leads and play concept areas and build a lead inventory.
- Perform 1-D and 2-D basin modelling, conduct probabilistic volumetric and prospect risk assessments.
- Prepare a comprehensive final report of methodology and results.

During the period, the JOBSIP interpretation team agreed and finalised the:

- Interpretation of time stratigraphic extensions of the Top Barbados Prism to both the Tobago Trough and Outer Deformation Fronts and
- The treatment of crystalline basement.

The team agreed to amend Top Accretionary Prism picks over select areas of the Barbados Ridge and decided to amend the classification of crystalline basement projections to distinguish from basement reflector picks.

During the year, BNOCL was confirmed to an observer seat on the Management Committee (Mancom) for the BHP Billiton offshore Exploration licenses. The Mancoms are held twice a year and a BNOCL representative attended all meetings over the period.

During the year, BNOCL representatives continued to sit on the Offshore Petroleum and Environmental Impact Assessment (EIA) Committees. Through its representation on these committees the Company contributed to the offshore training plan, in development by the Ministry of Energy, Small Business and Entrepreneurship.

Onshore Developments

During the year BNOCL continued advancing the Production Enhancement Project. The project aims to attract investment in a secondary recovery/ injection project in the Woodbourne Oilfield, through a competitive bidding process.

BNOCL is currently engaged in the bidding process which is expected to be completed in the fiscal year 2021/22.

Marketing Overview

During the fiscal period April 2020 to March 2021, BNOCL's imports of gasoline and diesel decreased by 29% and 12% respectively, compared to the previous year. In addition, the Company's heavy fuel oil (HFO) import quantities declined by 24%.

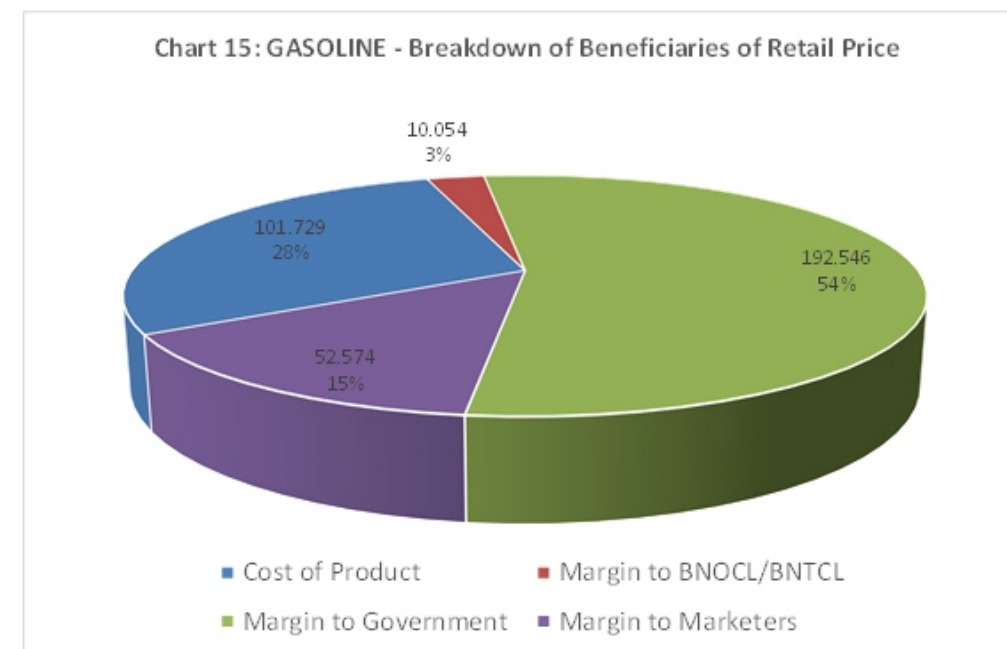
In relation to liquefied natural gas (LNG), imports decreased by 14% compared to 2020, as a result of decreased demand in the residential and commercial sectors. Therefore, on average, 19 containers of LNG were re-gassed each month at the Woodbourne Plant.

Building on the developmental work undertaken in the previous fiscal year, BNOCL accelerated the commercial impetus within renewable energy space in an effort to support the goal enunciated in the Barbados National Energy Policy (BNEP) of creating a 100% carbon neutral State by 2030.

The Company also broadened its scope and activities within the portfolio of corporate social responsibility.

For the year under review, the amount of gasoline imported decreased by 29% from 765,971 barrels in 2020 to 543,795 barrels. During the year under review, the maximum and minimum purchase prices for gasoline were BD\$184 and BD\$67 per barrel, respectively. However, the average purchase price of this product was BD\$128 per barrel.

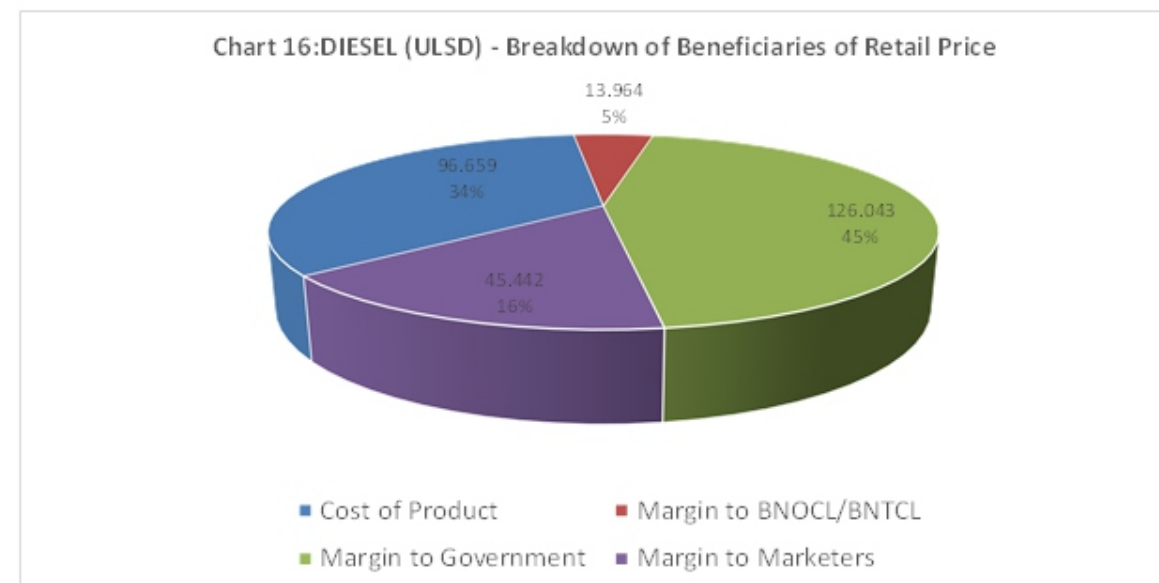
As noted in Chart 15, at March 31, 2021 the retail price of gasoline was BD\$3.57 per litre, reflecting a 3% increase compared to 2020. Of that price, 28.5% represented the cost of the product, 53.9% represented Government taxes, the marketers' margin accounted for 14.7% and the Group's storage fee and margin accounted for 2.8%.



Ultra-Low Sulphur Diesel (ULSD)

In the year under review, 454,420 barrels of ULSD were imported at an average price of BD\$176 per barrel. In comparison, 518,294 barrels of diesel were imported during 2020. The maximum and minimum purchase prices for ULSD were BD\$194 and BD\$91 per barrel, respectively.

As noted in chart 16, at March 31, 2021 the retail price of ULSD was BD\$2.82 per litre, reflecting a 1% decline compared to 2020. Of that price, 34.3% represented the cost of the product, 44.7% represented Government taxes, the marketers' margin accounted for 16.1% and the Group's storage fee and margin accounted for 4.9%.



Heavy Fuel Oil (HFO)

During the fiscal period under review, BNOCL imported 823,435 barrels of HFO, or 229,628 barrels (22%) less than the previous year, when 1,053,062 barrels were imported. Of the total imported during the current year, 596,079 barrels were supplied from Novum Energy's depot in Puerto Rico while 183,989, and 43,367 barrels were supplied from Vitol from their locations in St. Eustatius, and Suriname respectively.

As much as 90% of HFO imported into the domestic market was consumed in power generation, while asphalt production used 6%, with the remainder being used for bunkering, industrial and manufacturing purposes.

Importation of Liquefied Natural Gas (LNG)

During the fiscal year, BNOCL imported 241 cryogenic ISO containers which amounted to 2,430,514 gallons (or 200,869 MMBtu) of Liquefied Natural Gas (LNG) to supplement domestic commercial and residential demand. However, this amounted to a decrease of 14% over the quantity of product imported in the previous fiscal year. Typically, the capacity of a container is 10,000(+10%) gallons. The USA based company; New Fortress Energy was the sole supplier of the imported gas.

Renewable Energy

The Barbados National Energy Policy (BNEP) has articulated the Government's mandate to attain 100% renewable energy (RE) generation or at worst carbon neutrality for the country by the year 2030. To support the objectives of the BNEP, the BNOCL Group embarked on projects during the fiscal year, to assist the Country in fulfilling the desire of ensuring that increased clean energy access, energy security, and energy resilience will be afforded to all Barbadians.

However, during the early months of the fiscal year, BNOCL's ambitions were somewhat thwarted by the emergence of the COVID-19 pandemic, which consequently had a significant effect on the timelines in which these renewable energy projects could have been executed. Nevertheless, BNOCL remained committed to a cleaner and more affordable energy future for Barbados. During the period under review, a total of 125 residential solar photovoltaic (PV) rooftop systems were installed, of which 12 commenced electrical generation. Additionally, BNOCL started expanding its focus into the agrosolar sector, striving to foster the requisite synergy between energy and agriculture for land usage and job creation.

The BNOCL Group also continued the clean energy generation drive by securing funding from the Inter-American Development Bank (IADB) to expand in-house RE generation capacity from 4.3MW to 5MW. The geotechnical work for that project was completed during the fiscal year under review. Furthermore, the Company made significant progress towards the installation of PV systems at the Berinda Cox and Bridgetown Fisheries Complexes.

BNOCL also recognised the need for special skillsets and knowledge that would support the effective build out of energy solutions within the RE space. To this end, the Group also focused on staff development during the fiscal year, as key personnel within the Renewable Energy Department (RED) attended several seminars and workshops including the Caribbean Renewable Energy Forum (CREF) in October 2020; Business Analysis Training in December 2020; and the Energy Efficiency and Renewables Conference in February 2021.

Furthermore, BNOCL engaged the services of the IADB and the Barbados National Standards Institute (BNSI) during the year under review. While the IADB was engaged to assist in developing a strategy for the implementation of a biodiesel programme in Barbados and the facilitation of workshops that focused on prospective Wind Energy projects (as part of a Barbados Ocean Energy Initiative); BNSI hosted a training seminar relating to energy efficiency building codes and the American Society of Heating Refrigerating and Air Conditioning Engineers (ASHRAE) provisions.

Corporate Social Responsibility and Promotions

Social Media Initiatives

At the start of the fiscal year, the Government instituted several restrictions to stymie progression of the Covid-19 Pandemic. Consequently, the planned execution of several BNOCL's Public Relations and Social Responsibility programmes was delayed. Nevertheless, the Company started the year with a social media short campaign entitled "A View from My Window."

That campaign allowed persons to be aware of interesting developments, other than those relating to the COVID-19 Pandemic, in the country and other parts of the world.

During May of the fiscal year, another campaign entitled "#Iamessential" was featured on the social media platforms to highlight the activities of some of the BNOCL Group's frontline workers.



An essential team from BNOCL



Damien Gamble from BNTCL

Benevolent Initiatives

The BNOCL Group contributed financially to the Chefette Fun Run, to assist with efforts aimed at providing support to the YWCA; Precious Touch Foundation; and Variety the Children charities. Originally, it was the intention of BNOCL and BNTCL to contribute to the Chefette Fun Run by purchasing tee-shirts and allowing staff to participate in the actual run event. Unfortunately, the actual run event was cancelled due to the hovering threat from Covid-19 Pandemic.



Mrs. Griffith, Marketing Manager of Chefette Restaurants receiving a cheque from PR Officer, Mrs. Samantha Hazlewood-Ermay

Another registered charity called "ThenWhat?" which was established to assist single-parent families with basic necessities, benefitted from the Company's benevolence. The BNOCL Group and staff members supported the Charity by donating food and household items during December of the fiscal year.



Temporary employee, Mrs. Kisha Griffith, dropping in her donation of food items.

Visit from The Minister

On September 9, 2020 the Minister of Energy, Small Business and Entrepreneurship, the Hon. Kerrie Symmonds paid a courtesy call to NPC, BNOCL and BNTCL. In addition to touring the various operational facilities, the Minister also engaged with staff during the visit.



The Hon. Minister, Kerrie Symmonds with Chairman of the Board, Alex McDonald, James Dorsett of BNTCL, and William Hinds (MESBE).



Temporary employee Sabrina Haynes, presenting Lab Technician Ms. Perdy Paul with seedlings for her home garden, on Arbor Day.

Human Resources Overview

The period under review was a challenging time for both the Company and the country, as the COVID-19 pandemic brought a halt to much of the capital workflows of the organization. At the inception of the "lock-down" period, preparations shifted to ensure staff could operate remotely. This implementation proved to be successful as the company was able to engage most of its staff through remote access.

Remote work was a new variable in the work environment and the department had to respond quickly to develop a policy to manage the process and procedures surrounding remote working. With all the necessary support in place, the operations functioned with minimal to no disruption during the curfew period.

On the resumption of work after the Government imposed "lock-down", the management team then had to allay the fears of staff and ensure they were reentering a safe work environment. This meant that new policies and procedures had to be developed to ensure a safe working environment. The policy changes required a higher frequency of cleaning during the day to minimize any risk of the transmission of the COVID virus.

Throughout all this the Company was still able to accomplish some of its goals as the push to establish BNOCL in the renewable energy space drove several changes in staffing assignments.

Staff Appointments and Changes

Under the period under review, the Company continued to build internal capacity to be able to effectively execute its operational goals. The HR strategy employed to meet the resource needs included, external and internal recruitment coupled with promotions and permanent appointment of temporary staff. BNOCL continues to provide opportunities for career development for its staff whenever the opportunities arrive and demonstrate the desired attitude and knowledge attributes.

Operations Department:

In March 2021, the Company welcomed Mr. Nathan Hart to the post of Project Engineer. Mr. Hart is with the Company on a three-year secondment from the Barbados Water Authority, and he will be responsible for assisting with the execution and implementation of commercial Photovoltaic (PV) projects during his tenure with BNOCL.

Renewable Energy Department:

As the Renewable Energy department continues to expand its portfolio, they welcomed Mr. Rene Bradshaw as Renewable Energy Technician in August 2020. Mr. Bradshaw was previously in the Administration Department as the Office Assistant.

Ms. Kareen Parris, our former SAP Coordinator, also joined the department in the post of Renewable Energy Administrator in November 2020.

Marketing Department:

The Marketing Department welcomed Ms. Jennifer Smith-Daniel as the Sales & Customer Assistant in July 2020. Mrs. Smith-Daniel worked in the Warehouse department as a Warehouse Clerk for nine years before her transfer.

In November 2020, the Department welcomed Ms. Rasheena Dow, who joined the Company as Business Analyst.

General Management:

Congratulations are in order for Mr. Terrence Straughn, who was promoted from Terminal Superintendent of Barbados National Terminal Company Limited to the post of Operations Manager of the Group in June 2020

Geology Department:

In November, Mr. Kevin Best was promoted to the post of Geologist in the Geology department

Production Department:

The Production department welcomed two Drivers/Operators during this period. Mr. Kemar Husbands was promoted to the post of Driver/Operator in November, having previously held the position of Roustabout – Production for seven years.

The recent vacancy of Crane Operator was filled when Mr. Patrick Cumberbatch joined the Group in December 2020.

Maintenance Department:

In July, Mr. Anthony Newton joined the Maintenance department as a Mechanic, bringing with him a wealth of much-needed heavy-duty equipment experience.

Accounts Department:

In April 2020, the BNOCL arm of the Accounts department experienced some changes as well with Mrs. Cecilia Webb-Stoute being appointed as the Accountant. Mrs. Webb-Stoute acted in this position for some time prior to her appointment

Mr. Roger Bailey was appointed to the post of Accounts Clerk. Mr. Bailey transferred from BNTCL and had previously worked in the Administrative department.

Engineering & Maintenance:

The Company recognised the service of Mr. Safraz Bacchus and Mr. Antonio Holder and in April of 2020, they were appointed to staff in the position of General Worker in the Engineering & Maintenance department.

RETIREES

In June of 2020, the administrative arm of the Human Resources Department bade farewell to Ms. Marcia Bennett. Ms. Bennet was recognised as a stalwart of the Barbados National Terminal Company Limited staff, during her fifteen years of service. The BNOCL Group would like to thank Ms. Bennet for her service and wish her good health as she enters a new phase in her life.

FINAL FAREWELL

The Group grieved the passing two of our employees during this period. Mr. Mark Prescod was a Mechanic of fifteen years with the Maintenance department when he passed away in May 2020.

Mr. Anderson Gittens, one of our Assistant Workover Foremen, tragically passed away in October just a few days shy of his retirement after serving over thirty-three years in the Workover department. Mr. Gittens contribution to the oil & gas industry spanned over forty-one years, having started with the companies that predated the establishment of BNOCL.

May they rest in peace.

NEW EMPLOYEES



Ms. Rasheena Dow
Business Analyst



Mr. Nathan Hart
Project Engineer



Mr. Patrick Cumberbatch
Crane Operator



Mr. Anthony Newton
Maintenance Mechanic



Ms. Marcia Bennett

RETIREES

Corporate Social Responsibility (CSR) INITIATIVES

The CSR Committee advanced some of the initiatives that were delayed because of the shutdown triggered by the COVID-19 pandemic.

The BNOCL Group was one of the many entities that answered the call when the country fell victim to the ravages of the COVID-19 Corona virus. The ensuing island-wide lockdown in April resulted in the hasty implementation of online teaching and this left several students without the means to access their educational needs.

A few initiatives were implemented to assist the schools with the transition to online learning. The Company donated laptop computers and tablets to The Schoolhouse for Special Needs and twenty Android tablets to its adopted community school, Gordon Walters School Primary. Laptop computers were also donated to the Ministry of Education, Technological and Vocational Training (METVT) for further distribution to students across the country. Dr. Romel Springer, Parliamentary Secretary within the METVT, received the tablets on behalf of the Ministry.



Group HR Manager, Mr. Ronnie Gittens, presenting a laptop to Dr. Romel Springer, Parliamentary Secretary in the Ministry of Education, Technological and Vocational Training.

Representatives from The Schoolhouse for Special Needs with the new tablets.



Public Relations Officer, Mrs. Samantha Hazlewood-Ermay, presenting tablets to Ms. J.S. Gittens, Principal of Graydon Sealy.

Face masks were also donated to the Ministry of Education, to ensure that children were able to reenter the school environment with the appropriate protective equipment.

BNOCL/SJPI SCHOLARSHIP

In keeping with Corporate Social Responsibility mandate of “Energy for Poverty Alleviation” Barbados National Oil Company Limited (BNOCL) signed a memorandum of understanding (MOU) with Samuel Jackman Prescod Institute of Technology (SJPI) in September. Under the terms of the MOU, BNOCL would give eleven scholarships to students currently enrolled at SJPI.

The promotional campaign was launched under the theme “Developing Talent for a Sustainable Future,” featuring past SJPI students who are current BNOCL employees. The campaign encouraged current SJPI students to apply online for the scholarships. Each scholarship is valued at \$1,000 per academic year and at the end of academic year, the Company has committed itself to offer an internship to the two top performing scholarship recipients.

This programme proved to be very popular among the students, of the one hundred and ninety students enrolled across the targeted scholarship areas, one hundred and seven applications were received. From the applicants, thirty persons were shortlisted and interviewed before the final eleven winners were selected.

The year 2020 - 2021 will be remembered for the impact of the Covid-19 pandemic, where the normalcy of work and social lives were severely curtailed and restricted throughout the world. Implementation of protocols to stop the spread of the disease resulted in the restriction of social mobility and economic activity that severely reduced energy consumption for air, sea, and ground mobility. Protocols and lockdowns were implemented in Barbados at the beginning of April, the beginning of the financial year. Some restrictions were lifted during the second and third quarters and resulted in increasing economic and social activities but the second national outbreak of Covid-19 forced the return of a national lockdown during the last quarter of the financial period. The BNTCL operational strategy plan and budget's planned execution had to be modified to reflect the reality of lower-than-expected revenues for the period, reduced productivity and risk mitigation against Covid-19.

Notwithstanding the above, the Terminal safely conducted all marine and land operations while attaining a safety objective of 500 days without a lost-time injury. Groundwater testing was performed on water discharged from terminal operations and monitoring wells along the pipeline routes and results were well below the required specifications. The security of the terminal was consistently maintained as there were no security breaches or incidents for the entire year.

As would be expected from the impact of Covid-19, both the importation and the consumption of all petroleum products were significantly reduced compared to the previous year. Additionally, continuing penetration of renewable energy, especially in electricity generation, also had an impact. The reduction of consumption and importation of energy products ranged between 12%-18% and product volumes were reconciled with variances well below industry best standards.

Implementation of cost-cutting measures at the beginning of the financial year assisted in ensuring that actual spending for the year was well within budget as revenues were severely impacted from the economic fall-out of Covid-19. Major operating expenditure was deferred based on risk to ensure that expenditure was aligned with expected revenues resulting in consistent favourable budgetary variances for the year. Capital expenditure for the year included the upgrade of gas/diesel marine import hose assembly and automatic tank radar gauges, which will all be installed at the beginning of the next financial year.

Finally, the construction of the maintenance offices and workshop, albeit impacted by the Covid 19 protocols and restrictions, was completed within budget while the procurement for the upgrade of tank radars and the biodiesel dispensing system were actioned.

Safety and Environmental Management

The Covid-19 pandemic presented a new and present risk and health hazard that had to be carefully managed to ensure that the essential services that the terminal provides to the nation were not negatively impacted in any way. As such, risk mitigation of this health hazard was paramount as part of the terminal's safety and health protocols. Fortunately, there were no positive cases among the staff at the terminal, although one staff member was linked as a tertiary contact to a positive case.

Terminal operations were heavily curtailed due to various Covid-19 restrictions, however emphasis continued in guaranteeing a high level of operational excellence in safety, environmental and security management of the facility. The Key Performance Indicator guideline document implemented in the previous financial year continued to guide the team in maintaining high performance in these areas. Terminal operations achieved the first tiered safety objective of 500 days without any lost-time injuries during the year. At the end of the financial year, this figure tallied 687 days, with only four accidents. Revision of safety procedures to latest industry best practices and codes as well as training of new hires in comprehensive safety practices were successfully carried out during the year, while audit findings and corrective audit requests averaged 75% conformance for safety inspections and hazard identification exercises.

Moreover, terminal operations relating to the importation, storage and distribution were safely conducted without any incidents relating to product release to the marine or land environment. Testing groundwater monitoring wells along the length of the various pipelines indicated no hydrocarbons, while monthly results for Total Petroleum Hydrocarbon in water discharged from the terminal environs were well below the standard of 5ppm with an average reading of 3ppm. The terminal's security continued to be upheld through high standards of security management that saw no breaches of the terminal security protocols during the year.(See table 1)

Table 1: HSSE Key Performance Indicators for 2020-2021.

Indicator	Target	Performance for the year 2020-2021
HEALTH	<ul style="list-style-type: none"> Zero workplace induced health-related lost time cases 	0
SAFETY: LTA Lost Time Accidents	<ul style="list-style-type: none"> Recordable accidents \leq 0.1 per year 	1
Days without lost time = 687		
SECURITY:	<ul style="list-style-type: none"> Zero security breaches per annum 	0
ENVIRONMENTAL PRODUCT RELEASE	<ul style="list-style-type: none"> Zero spills (marine and land) of a minimum of one (1) bbl. 	0
ENVIRONMENTAL EFFLUENT WATER QUALITY	<ul style="list-style-type: none"> Effluent water discharge quality of \leq 5 ppm of TPH (Total Petroleum Hydrocarbon) 	3 ppm

Product Stewardship and Loss Control Management

Various protocols inclusive of full-scale national shutdowns implemented during the period to reduce and limit the spread of COVID 19 severely impacted both ground and air mobility leading to a considerable reduction in the consumption of ground, air and electricity-generating fuels. Additionally, renewable energy penetration for electricity generation and electric mobility as part of the 2030 objective of becoming fossil fuel-free or carbon neutrality also impacted the consumption of these fuels.

For the period, all importation operations of clean petroleum products (gasoline, ULSD and aviation) were safely conducted with an overall figure of 1,853,097bbls measured as received into the various tanks as opposed to BOL figures and was a 42% reduction in comparison to the previous year. Gasoline importation (589,866bbls) declined by 22% compared to the last year's figures of 756,221bbls, while there was a 13% reduction in diesel importation of figures 453,622bbls in comparison to 520,005bbls for the previous financial period. Aviation importation figures tallied 809,609bbls compared to the previous period figures of 1,683,419bbls, a whopping 52% reduction.

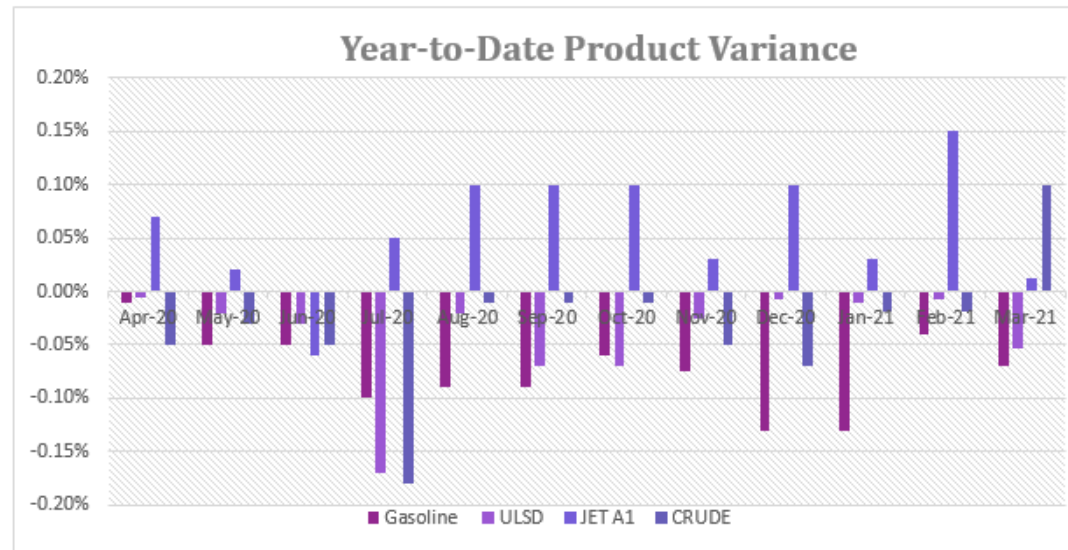
Fuel oil imported at SOL facility for BNOCL marketing for electricity generation and asphalt production measured approximately 847,595bbls compared to the previous year's 1,025,168bbls, showing an overall reduction of 18%.

Product sales throughput for Clean Petroleum Product (CPP) followed a similar trend to the importation figures. There was a reduction of approximately 37% overall when 1,851,513bbls is compared to 2,946,503bbls for the previous year. The decline was realised in all products with gasoline, diesel and aviation consumption decreasing. Fuel oil consumption figures decreased by 7% when figures of 875,430 bbls for the period is compared to last financial year's figures of 936,571 bbls.

Crude oil export tallied 168,321bbls compared to exports of 208,688 bbls for the financial year ended March 2020.

In reference to loss control, overall product volume reconciliation for products imported/exported and stored at the terminal during the 12 months reflected variances that ranged from 0.01% to 0.15%, which were marginally within acceptable industry standards (see figure1). Variances were attributed to both random and systematic errors within the various points of custody transfer measurements. It is expected that the upgrade of the automatic tank radar systems will improve reconciliatory variances significantly (see figure 1.)

Figure 1 variance report for the year



ASSET MANAGEMENT

Reduction of man-hours during periods of national shutdowns, reduction of expected revenues, temporary dislocation due to the extension of the workshop and the requirements to enforce Covid-19 protocols such as social distancing all combined to severely hamper the primary asset integrity and inspection program of the terminal scheduled for the period.

Nevertheless, critical operating assets such as the marine berth/pump station/tank farm /pipelines operated at an average of 100% capacity while the loading rack and SCADA/HMI (Supervisory Control and Data Acquisition/Human Machine Interface) Networks operated at an average of 90% capacity.

The reliability of these assets was constantly maintained, whilst reducing unplanned maintenance/shutdowns and repair costs simultaneously under the challenges presented by COVID-19. With some degree of pre- Covid normalcy returning and completion of the new workshop nearing the end of the period, it is expected that the tank refurbishment programme, along with the annual berth inspection to include the change out of new gas/diesel hose will be undertaken in the next financial period.

SPECIAL PROJECTS

The construction of a new maintenance workshop and offices that commenced in the final quarter of the fiscal year ended March 2021 was impacted during the year due to Covid 19 restrictions. Nevertheless, the project was completed under budget within the last quarter of this period. The purchase of new automatic tank gauges to improve measurement accuracy and reduce product reconciliation variances was actioned during the final quarter, with installation expected to be carried out within the first half of the next financial period. Finally, the engineering design and the procurement of the biodiesel dispensing system for the pilot project to gather data on the feasibility of introducing this fuel was completed at the end of the year and is expected to be installed within the first six months of the 2021-2022 period. This project aims to collect information for the full-scale introduction of biofuels as part of Barbados' goal of becoming fossil fuel-free by 2030.

Health, Safety, Security and Environmental (HSSE) Overview

In 2021, the activities of the Health, Safety, Security and Environmental Quality (HSSEQ) department were concentrated on positioning BNOCL to operate in a COVID-19 impacted era, while ensuring the safety and health of staff and the public. The work done in the previous financial year to develop and document operational procedures assisted greatly in facilitating BNOCL's increased reliance on remote operations.

The HSSEQ department was identified as the lead entity responsible for developing, implementing, and managing the Group's COVID-19 response policies. The purpose of the COVID-19 policy was to ensure that the BNOCL Group was ready to adjust to the changing requirements of the government-imposed prohibitions and curfews while meeting the nation's need for fossil fuel production, importation and supply.

The increased emphasis on risk-based management paid dividends in areas like contractor management and wellness among staff as many of the risks arising from the COVID-19 pandemic were identified prior to BNOCL being impacted and mitigation processes developed to address them. These included the development of a working relationship with Urgent Care Mobile to provide medical guidance and on-call response to the Group. This arrangement allowed for continuous operational function, while providing COVID-19 screening for visiting contractors and staff.

The implemented Contractor Management Policies facilitated the execution of the installation of a ground-mounted solar farm at Woodbourne without health and safety concerns. These Contractor Management Processes also aided in managing the risk associated with the expansion of the Renewable Energy programme to include the use of numerous third-party installers to execute that department's strategy.

The COVID-19 restrictions and protocols prevented the HSSEQ department from executing most of the training initiatives that had been planned, with the exception of small departmental level monthly HSSE video sessions. Those sessions promoted the utilisation of “toolbox” talks in the Workover and Maintenance Departments as well as the implementation of Lock-out Tag-out procedures in the Maintenance department. However, even with the reduced training plan, the efforts conducted in the previous financial year bore fruit with the Lost Time Incident Rate (LTI per 100 employees) falling from 10.00 in the previous financial year to 4.30 at the end of the FY 2020–2021 with the Workover crew being largely responsible for the reduction in incidents.

Finally, effective and integrated Quality Management in the Group has shown itself to be critical to the financial and operational success of the Group. The HSSEQ department conducted audits of two processes that have significant implications on not only the operational efficiency of the Group but on financial success and the safety of the Barbadian public. The results of the audits of the natural gas dehydration process and the quality control of natural gas loss should result in significant improvement to the quality control of the natural gas production and distribution processes. In the next financial year, the department is expanding its capabilities to improve the management of imported fuels as well as improving the service quality of the new renewable energy programmes being rolled out by the Group.

The BNOCL Group experienced a total comprehensive loss of (\$23.0 million) for the year ended March 2021 as compared to total comprehensive income of \$2.9 million in 2020. The parent company BNOCL as an entity recorded a total comprehensive loss of (\$25.1 million) for the year 2021 as compared to a total comprehensive income of \$0.4 million in 2020. BNOSL recorded a total comprehensive loss totaling (\$2.9 million) in 2021 as compared to a total comprehensive loss of (\$2.3 million) in 2020.

The decline in profitability at the Group level was primarily due to the decreased profitability as a result of Covid impacted fuel usage and significant instability in fuel markets and significant reductions in global oil prices during the year. BNOCL, BNTCL and BNOSL all recorded reduced profitability. BNTCL recorded total comprehensive income of \$4.1 million in 2021. This was 24.8% less than the total comprehensive income of \$5.4 million recorded in 2020.

Revenue

The Group's gross revenue declined by 40.8% from \$418.8 million in the year ended March 2020 to \$248.0 million in the current year under review. The sale of refined petroleum products accounted for \$215.2 million or 86.8% of gross revenue for the current year. This represented a 40.9% decline on the previous year's refined products sales of \$363.9 million. The decrease in this segment of the business resulted primarily from decreases in all product volumes as well as the sale of product at generally lower average prices.

There was a 22% decrease in total imported volumes of fuel oil and consequently revenue from the sale of fuel oil declined by 31.3% from \$119.1 million in 2020 to \$81.8 million in the year under review. Revenue from gasoline and diesel decreased significantly from \$237.0 million in 2020 to \$123.9 million in the year under review.

This represented a decrease of 47.7% or \$113.0 million. Revenue from Asphalt feed increased by \$1.6 million (20.7%) from \$7.8 million in 2020 to \$9.5 million in 2021.

Revenue from the sale of natural gas decreased from \$13.0 million in 2020 to \$11.0 million in the year under review. The price of indigenous natural gas to the National Petroleum Corporation (NPC) was changed from the previously fixed rate of \$7.50 per mcf to a sliding scale with a floor of \$7.50 per mcf and a ceiling of \$11.15 per mcf. Imported gas was again sold to the NPC at a rate calculated on a cost-plus margin basis.

Operating Cost

The operating cost of the Group decreased by 36.7% from \$393.8 million in 2020 to \$249.5 million in the current year. The major contributor was a decrease in the overall cost of refined product to \$224.2 million in the current year compared with a cost of \$354.9 million in 2020. This represented a decrease of 36.8% when compared to the previous year and was attributable primarily to a decrease in the volumes of product imported and generally lower costs per barrel for all refined products.

General and Administration Expenses

In the year under review, the Group's General and Administration expenses remained relatively constant at \$17.7 million, while its Debt servicing costs decreased by 8.2% from \$3.7 million in 2020 to \$3.4 million in the year under review. The reduced Debt servicing costs was mainly due to the amortization of the various loans of the Group and the refinancing and restructuring of the debt portfolio. The total loans balance was \$42.8 million in 2020 but this figure was increased to \$82.6 million in the year under review.

Cash Flow

The Group utilized \$7.9 million in its operating activities for the current year. This was a significant decrease when compared to the \$23.1 million in cash generated from operations in 2020. The company also utilized \$2.1 million cash in investing activities but generated \$39.6 million from financing activities in the year ended March 2021. The opening cash balance of the Group was negative (\$13.5) million while the ending cash balance was \$16.1 million. This represented an overall increase of \$29.6 million in the cash balance of the Group.



Barbados National Oil Company Limited

Consolidated Financial Statements

March 31, 2021

(expressed in Barbados dollars)

Registered Office

Woodbourne, St. Philip, Barbados

Board of Directors BNOCL

Mr. Victor Fernandes - Chairman (July 1, 2021)

Mr. William Alexander McDonald - Chairman (until June 30, 2021)

Ms. Lachmi Connell - Deputy Chairman (until December 1, 2020)

Dr. Asquith Thompson - Deputy Chairman (December 1, 2020)

Ms. Collette Applewhaite (December 1, 2020)

Mr. Kwame Bradshaw (until December 1, 2020)

Ms. Averill Brathwaite

Mrs. Stephanie Catling-Birmingham

Ms. Alexandra Daniel (until December 1, 2020)

Dr. Erwin E. Edwards (December 1, 2020)

Mr. Ross Maynard (December 1, 2020)

Mrs. Andria Shepherd-Payne

Mr. David Straughn (until December 1, 2020)

Ms. Liesel N. Weekes (December 1, 2020)

Mr. Jamar White

Corporate Secretary

Mrs. Donna Harris-Thornhill

Auditor

PricewaterhouseCoopers SRL

Banker

Republic Bank (Barbados) Limited

Attorneys-At-Law

Mr. Barry Gale, QC

Mr. Roger C. Forde, QC

Charles Russell Speechlys



Independent auditor's report

To the Shareholders of Barbados National Oil Company Limited

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Barbados National Oil Company Limited (the Company) and its subsidiaries (together 'the Group') as at March 31, 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2021;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

The in-house oil and gas reserves reports prepared as at March 31, 2021 and March 31, 2020 did not fully evaluate in-place volumes, reserves resources and project cost assumptions nor were they prepared in accordance with Society of Petroleum Engineers or Petroleum Resource Management System guidelines. As such the oil and gas reserves reported in both reports were deemed to be inconclusive. In the absence of reliable information with respect to the Group's oil and gas reserves, we were unable to determine whether adjustments might have been necessary in respect of the depletion costs reported in the consolidated statement of comprehensive income and consolidated statement of cash flows, and property, plant and equipment reported in the consolidated statement of financial position.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the 2021 Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after this auditor's report date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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.
- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Other matter

This report is made solely to the Company's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Bruce Waterhouse Coopers SRW

Bridgetown, Barbados
August 4, 2021

Barbados National Oil Company Limited

 Consolidated Statement of Financial Position
 As at March 31, 2021

(expressed in Barbados dollars)

	2021 \$	2020 \$
Current assets		
Cash on hand and at bank (note 5)	16,127,444	6,002,708
Term deposits (note 6)	7,753,077	7,753,077
Accounts and other receivables (note 7)	34,877,636	41,146,209
Due from shareholder (note 8)	7,677,716	4,847,105
Inventories (note 9)	27,433,468	37,963,251
Prepaid expenses	1,247,002	876,638
Due from director (note 8)	300	-
	95,116,643	98,588,988
Current liabilities		
Bank overdraft (note 5)	-	19,496,036
Accounts payable and accrued liabilities (note 10)	25,063,131	33,282,987
Due to shareholder (note 8)	-	63,950
Borrowings - current portion (note 11)	9,604,816	6,695,139
Corporation tax payable	54,242	42,474
	34,722,189	59,580,586
Working capital	60,394,454	39,008,402
Long-term accounts and other receivables (note 7)	1,290,639	770,147
Due to shareholder (note 8)	(11,850,893)	(6,793,390)
Financial investments (note 12)	2,453,249	2,453,249
Inventories (note 9)	-	183,750
Investment in associated company (note 13)	1,226,452	362,823
Property, plant and equipment (note 14)	148,898,951	151,105,948
Deposit on property, plant and equipment (note 15)	591,136	531,812
Provision for abandonment (note 16)	(8,943,892)	(8,943,892)
Right-of-use-asset (note 17)	3,406,926	3,465,666
Lease liability (note 17)	(4,347,900)	(3,914,558)
Employee benefits (note 18)	(2,639,953)	(1,617,344)
Borrowings (note 11)	(72,977,824)	(36,111,111)
Deferred tax liability (note 19)	(237,911)	(202,710)
Net assets	117,263,434	140,298,792
Represented by:		
Equity		
Share capital (note 20)	41,014,809	41,014,809
Retained earnings	76,248,625	99,283,983
	117,263,434	140,298,792

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

Approved by the Board of Directors on July 26, 2021



 Victor Fernandes - Chairman



 Andria Shepherd-Payne - Director

Barbados National Oil Company Limited

 Consolidated Statement of Changes in Equity
 For the year ended March 31, 2021

(expressed in Barbados dollars)

	Share capital \$	Retained earnings \$	Total \$
Balance at April 1, 2019	41,014,809	96,366,433	137,381,242
Net income for the year	-	3,063,077	3,063,077
Other comprehensive loss	-	(145,527)	(145,527)
Total comprehensive income for the year	-	2,917,550	2,917,550
Balance at March 31, 2020	41,014,809	99,283,983	140,298,792
Net loss for the year	-	(21,760,405)	(21,760,405)
Other comprehensive loss	-	(1,274,953)	(1,274,953)
Total comprehensive loss for the year	-	(23,035,358)	(23,035,358)
Balance at March 31, 2021	41,014,809	76,248,625	117,263,434

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

Barbados National Oil Company Limited

 Consolidated Statement of Comprehensive Income
 For the year ended March 31, 2021

(expressed in Barbados dollars)

	2021 \$	2020 \$
Revenue		
Upstream revenue (note 21)	29,423,134	48,522,073
Refined products sales (note 21)	215,247,694	363,912,779
Terminal throughput fees	3,327,764	6,366,569
	<u>247,998,592</u>	<u>418,801,421</u>
Operating costs		
Cost of goods sold - refined products (note 25)	224,243,774	354,880,514
Cost of goods sold - crude oil (note 25)	7,504,344	23,103,707
Holborn facilities costs (note 28)	3,294,222	3,428,694
Terminal operating costs (note 25)	2,935,437	6,831,552
Depreciation (notes 14 & 17)	8,193,033	8,894,299
Depletion (note 14)	1,143,844	1,965,190
Royalties	1,784,394	3,416,285
Decrease in provision for abandonment (note 16)	–	(8,704,665)
Inventory write-off	348,030	–
	<u>249,447,078</u>	<u>393,815,576</u>
Gross (loss)/profit	<u>(1,448,486)</u>	24,985,845
General and administrative expenses (note 25)	<u>(17,636,688)</u>	(17,245,056)
Finance costs (notes 11 & 17)	<u>(3,358,542)</u>	(3,657,820)
Operating (loss)/profit	<u>(22,443,716)</u>	4,082,969
Other income (note 22)	582,401	919,857
Other losses (note 23)	<u>(351,308)</u>	(1,570,066)
(Loss)/income before share of net income/(loss) of associated company	<u>(22,212,623)</u>	3,432,760
Share of net income/(loss) of associated company (note 13)	<u>863,629</u>	(131,060)
(Loss)/income before taxation	<u>(21,348,994)</u>	3,301,700
Taxation (note 19)	<u>(411,411)</u>	(238,623)
Net (loss)/income for the year	<u>(21,760,405)</u>	3,063,077
Other comprehensive loss		
<i>Items that will not be reclassified to income:</i>		
Remeasurements of defined employee benefits (note 18)	(1,263,565)	(140,674)
Tax related to remeasurements of defined employee benefits	(11,388)	(4,853)
	<u>(1,274,953)</u>	<u>(145,527)</u>
Total comprehensive (loss)/income for the year	<u>(23,035,358)</u>	2,917,550

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

Barbados National Oil Company Limited

 Consolidated Statement of Cash Flows
 For the year ended March 31, 2021

(expressed in Barbados dollars)

	2021 \$	2020 \$
Cash flows from operating activities		
(Loss)/income before taxation	(21,348,994)	3,301,700
Adjustments for:		
Depreciation	8,193,033	8,894,299
Depletion	1,143,844	1,965,190
Pension plan expense	929,916	938,774
Share of net (income)/loss of associated company	(863,629)	131,060
Finance costs	3,358,542	3,657,820
Interest income	(36,937)	(361,025)
Loss on disposal of property, plant and equipment	167,558	80,502
Write-off of deposit on property, plant and equipment	123,495	–
Amortisation of inventories	183,750	310,231
IADB project expenses	(144,606)	2,627,155
Provision for abandonment	–	(8,704,756)
Operating (loss)/income before working capital changes	<u>(8,294,028)</u>	12,840,950
Decrease in term deposits	–	168,750
Decrease in debt service reserve	–	6,091,231
Decrease in accounts and other receivables	5,748,081	6,777,498
Increase in due from shareholder	(2,830,611)	(3,869,066)
Increase in due from director	(300)	–
Decrease in inventories	10,529,783	5,200,888
(Increase)/decrease in prepaid expenses	(370,364)	1,203,553
Decrease in accounts payable and accrued liabilities	(8,219,856)	(1,152,866)
Decrease in due to shareholder	<u>(167,852)</u>	<u>(23,748)</u>
Cash (used in)/generated from operations	<u>(3,605,147)</u>	27,237,190
Finance costs paid	(2,776,728)	(3,267,668)
Pension plan contributions paid	(1,170,872)	(1,134,101)
Income taxes paid	(375,829)	–
Interest received	36,937	237,549
Net cash (used in)/generated from operating activities	<u>(7,891,639)</u>	23,072,970
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,307,505)	(1,191,053)
Deposit on plant and equipment	(377,132)	(128,633)
Proceeds from disposal of property, plant and equipment	569,130	28,936
Net cash used in investing activities	<u>(2,115,507)</u>	(1,290,750)
Carried forward	<u>(10,007,146)</u>	21,782,220

Barbados National Oil Company Limited

Consolidated Statement of Cash Flows ...continued

For the year ended March 31, 2021

(expressed in Barbados dollars)

	2021 \$	2020 \$
Brought forward	(10,007,146)	21,782,220
Cash flows from financing activities		
Proceeds from borrowings	70,000,000	–
Repayment of borrowings	(30,372,082)	(12,592,423)
Repayment of debt securities	–	483,406
Net cash generated from/(used in) financing activities	39,627,918	(12,109,017)
Net increase in cash and cash equivalents	29,620,772	9,673,203
Cash and cash equivalents - beginning of year	(13,493,328)	(23,166,531)
Cash and cash equivalents - end of year (note 5)	16,127,444	(13,493,328)

Non-cash investing and financing activities (note 27).

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

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2021

(expressed in Barbados dollars)

1 General information

The Company is incorporated under the Companies Act, CAP 308 of the Laws of Barbados. The common shares are 75.48% owned by the Government of Barbados and 24.52% owned by the National Petroleum Corporation.

The principal activities of Barbados National Oil Company Limited (“the Company” or “BNOCL”) and its subsidiaries (“the Group”) are the exploration and production of the onshore hydrocarbon potential of Barbados and the importation, storage and supply of petroleum products to the Barbados market.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

i) New standards, amendments and interpretations adopted by the Group

The following new standards, amendments and interpretations to published standards are applicable to the financial period.

Amendments to IAS 1 and IAS 8 on the definition of material. These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

Amendment to IFRS 3, definition of a business. This amendment revises the definition of a business which may impact whether a transaction is accounted for as a business combination or asset acquisition. According to feedback received by the ISAB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
March 31, 2021

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

a) Basis of preparation ...continued

ii) *New standards, amendments and interpretations mandatory for the first time for the financial period beginning April 1, 2020 but not currently relevant to the Group*

Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'. The reliefs provided by these amendments relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. Any hedge ineffectiveness should continue to be recorded in the income statement.

iii) *New standards, amendments and interpretations issued but not yet effective for the financial period beginning April 1, 2020 and not early adopted*

Management has reviewed the new standards, amendments and interpretations to existing standards that are not yet effective and has determined that the following are relevant to the Group's operations. The Group has not early adopted the new standards, amendments and interpretations nor has the Group assessed their full impact.

Amendments to IAS 1, Practice statement 2 and IAS 8 'Presentation and financial statements' on classification of liabilities. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability (effective January 1, 2023).

Amendments to IFRS 3, 'Business Combinations' update the reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for the business combinations (effective January 1, 2022).

Amendments to IAS 16, Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss (effective January 1, 2022).

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss making (effective January 1, 2022).

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
March 31, 2021

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

a) Basis of preparation ...continued

iii) *New standards, amendments and interpretations issued but not yet effective for the financial period beginning April 1, 2020 and not early adopted ...continued*

Amendments to IFRS 16, on COVID 19 related rent concessions. As a result of the coronavirus (COVID-19) pandemic, rent concession have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On May 28, 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concession in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs (effective June 1, 2020).

Annual improvements on IFRS 9 and IFRS 16. Annual improvements make minor amendments to IFRS 9, 'Financial instruments' and the Illustrative Examples accompanying IFRS 16, 'Leases' (effective January 1, 2022).

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability (effective January 1, 2023).

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 on improving accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies (effective January 1, 2023).

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2021

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

b) Basis of consolidation

These consolidated financial statements include the accounts of BNOCL and its wholly-owned subsidiary companies, Barbados National Oilfield Services Limited (BNOSL), Barbados National Terminal Company Limited (BNTCL) and Barbados National Oil Holding Company Limited (BNOHCL).

c) Revenue recognition

Upstream revenue represents revenue from the production and sale of natural gas and crude oil. It is recognised on an accrual basis net of VAT.

Refined product sales reflect the invoiced value of goods and services provided net of VAT and are recognised on an accrual basis. They also include the net refined value of crude oil produced.

Throughput fees reflect the invoiced value of storage fees for petroleum products net of VAT and are recognised on an accrual basis.

Interest income is interest earned from bank deposits and money market placements and is recognised on an accrual basis.

d) Investment in associated company

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' profits or losses is recognised in the consolidated statement of comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

e) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the price at which stock can be realised in the normal course of business, less incidental costs of transportation, storage and refining. Provision is made for obsolete or slow moving items. Non-current inventory represents tank heels and can only be sold when tanks are emptied. Amortisation of tank heels is charged over 3 - 5 years depending on the product.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2021

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Building	- 3 - 30 years
Furniture and office equipment	- 3 - 5 years
Motor vehicles	- 4 - 5 years
Well equipment	- 15 years
Natural gas compression facilities	- 10 years
Seismic cost	- 10 years
Production and operating equipment	- 10 years
Pipelines and terminal	- 35 years

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts. These are included in the consolidated statement of comprehensive income.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each consolidated statement of financial position date. 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.

g) Intangible drilling costs and depletion

Intangible drilling costs incurred in the development of an exploratory well are capitalised in these consolidated financial statements under the successful efforts method of accounting.

Intangible drilling costs are amortised on the basis of the existing production of hydrocarbons for the year relative to the total proven developed reserves of hydrocarbons, using a combination of the Decline Curve Analysis and the Empirical Volumetric calculations based on log analysis techniques.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
March 31, 2021

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

h) 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 consolidated financial statements are presented in Barbados dollars, which is the Group's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions and balances are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

i) Employee benefits

The Group operates a defined benefit pension plan on behalf of the employees, the assets of which are held in a segregated fund. The pension plan is funded by payments from employees and the Group, taking into account the recommendations of independent qualified actuaries.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government securities. All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the consolidated statement of other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the consolidated statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
March 31, 2021

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

j) Provisions

Provisions for abandonment are recognised when the Group has a present legal or constructive obligation as a result of past events; if it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, and are shown in the consolidated statement of comprehensive income.

k) Cash and cash equivalents

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

l) Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment of these receivables. A provision for impairment of accounts receivable 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. The amount of the provision is the difference between the carrying amount and the recoverable amount. The amount of the provisions is recognised in the consolidated statement of comprehensive income.

m) Taxation

Taxation expense in the consolidated statement of comprehensive income comprises current tax charges.

Current tax charges are based on taxable income for the year, which differs from the income before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at consolidated statement of financial position date.

The Group follows the liability method of accounting for deferred tax.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. 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 financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

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

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2021

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are expensed.

o) Provision for abandonment

A provision is established towards the cost of returning the surface location of each successful well to its original condition. The provision is measured at the present value of the expected future cash flows that will be required to perform the restoration. The provision is updated at each statement of financial position date for changes in the estimates of the amount or timing of future cash flows and changes in the discount rate. The cost is included as part of the intangible drilling costs and depleted over the production life of the well. The asset cannot decrease below zero and cannot increase above the asset's recoverable amount. If the decrease in provision exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of comprehensive income. Adjustments that result in an addition to the cost of the asset are assessed to determine if the new carrying amount is fully recoverable or not.

p) Royalty expense

Royalty expense is charged by the Government of Barbados at a rate of 12.5% on the sale of crude oil and natural gas. The basis is in accordance with the substance of the relevant agreements.

q) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost.

r) Impairment of non-financial assets

Property, plant and equipment and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2021

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

s) Leases

The entity leases land for a period of 50 years from January 2004 with an option to renew of an additional 25 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement does not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's lease, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, for example, term, country, currency and security.

If a readily observable amortising loan rate becomes available to the Group (through recent financing or market data) which has a similar payment profile to the lease, then the Group will use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
March 31, 2021

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

s) Leases ...continued

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

An extension option is often included in the lease agreement. This is used to maximise operational flexibility in terms of managing the asset used in the Group's operations. The extension option held is exercisable only by the Group and not by the respective lessor.

t) Financial instruments

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

Classification

The Group classifies its financial assets in the following measurement category:

- those to be measured at amortised cost (AC)

The classification for debt instruments depends on the Group's business model for managing those assets. It also requires the Group to examine the contractual terms of the cash flows, i.e. whether these represent 'solely payments of principal and interest' (SPPI).

The business model test requires the Group to assess the purpose for holding debt securities (hold to collect, hold to collect and sell or to trade). Substantially all the Group's debt instruments are held to maturity to collect cash flows and accordingly meet the 'hold to collect' criteria.

All debt instruments passing the business model and SPPI tests are classified at amortised cost.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
March 31, 2021

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

t) Financial instruments ...continued

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included within 'interest income' using the effective interest rate method.

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost.

Accounts receivable

The Group applies the simplified approach for accounts receivable as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies specific provisions for higher risk accounts using a risk-based methodology based on certain factors, including customer profile and the nature of products sold or services rendered. All other non-specific accounts were grouped together and aged using a 'provisions matrix'. Scaled loss rates were then calculated based on historical payment profiles and applied to the different aging buckets as of the consolidated statement of financial position date. The loss rates were adjusted to incorporate forward-looking information.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2021

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

t) Financial instruments ...continued

ii) Fair values

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. Except for the amounts due from/to affiliated companies for which fair value cannot be established because the repayment terms are undetermined, estimated fair values are assumed to approximate their carrying values.

3 Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Estimated impairment of assets

The Group tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in the significant accounting policies section. The recoverable amounts of some assets have been determined based on value-in-use calculations. These calculations require the use of estimates.

b) Depletion of intangible drilling and development costs

The Group makes provisions for the depletion of its intangible drilling and development costs as stated in Note 14. Judgement is required in determining the level of depletion based on the estimated reserves of the Group's wells.

c) Employee benefits

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are disclosed in Note 18. Any changes in these assumptions will impact the carrying amount of pension obligations or assets.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2021

(expressed in Barbados dollars)

3 Critical accounting judgements and key sources of estimation uncertainty ...continued

d) Provision for abandonment

The Group makes provisions for the cost of returning the surface location of each successful well to its original condition as stated in Note 2(o). Judgement is required in determining the provision based on the present value remedial cost of each well. Assumptions are made with respect to the discount factor, length of time and the expected cost of closure to be incorporated into the present value calculation. These assumptions and the sensitivity to changes are disclosed in Note 17.

e) Provision for obsolescence

The Group make provisions for obsolete inventory as disclosed in Note 9. Judgement is required in determining the level of provision based on the age and future use of the inventory item.

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the management team through continuous review of Group performance.

a) Market risk

i) Foreign currency risk

The Group is not exposed to significant foreign exchange risk. Foreign currency transactions are primarily from petroleum product purchases and maintenance of the terminal facility.

These transactions have been formally fixed to United States dollars (US\$) to mitigate exposure to fluctuations in foreign currency exchange rates, where the Barbados dollar and United States dollar are fixed 2:1.

ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risks. Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The return on financial investments may be variable, fixed for a term or fixed to maturity. On reinvestment of a matured investment, the returns available on the new investment may be significantly different from the returns formerly achieved. This is known as reinvestment risk.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
March 31, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

a) Market risk ...continued

ii) Cash flow and fair value interest rate risk...continued

The Group's borrowings are issued at fixed rates. The Group is therefore exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase or decrease as a result of such changes.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2021		2020	
	\$	%	\$	%
Fixed rate borrowings - repricing or maturity dates:				
Less than 1 year	9,604,816	11.63	6,695,139	15.64
1 - 5 years	39,375,366	47.68	25,555,556	59.70
Over 5 years	33,602,458	40.69	10,555,555	24.66
	82,582,640	100	42,806,250	100

b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Group's credit risk arises from cash and cash equivalents, deposits with financial institutions as well as credit exposure to customers and other receivables.

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history, financial position, credit quality and other factors. Sales balances due from customers are settled in cash. Deposits are placed only with well known banks and financial institutions.

The maximum credit risk exposure is as follows:

	2021		2020	
	\$	%	\$	%
Cash and bank balances	16,127,444	26.34	6,002,708	13.09
Term deposits	7,753,077	12.66	7,753,077	16.91
Accounts and other receivables	27,207,400	44.45	24,785,340	54.07
Due by shareholder	7,677,716	12.54	4,847,105	10.57
Financial investments	2,453,249	4.01	2,453,249	5.35
	61,218,886	100.00	45,841,479	100.00

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
March 31, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

b) Credit risk ...continued

The Group recognises provision for losses for assets subject to credit risk using the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group uses three approaches in arriving at expected losses:

The simplified approach (for accounts receivable)
The general approach (for all other financial assets)
A practical expedient for financial assets with low credit risk (intercompany balances)

The simplified approach

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for accounts receivable. 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. Loss rates are then assigned to these accounts based on qualitative and quantitative factors using a LGD matrix. All other non-specific accounts receivable are then grouped based on shared credit risk characteristics and the days past due.

The expected loss rates for non-specific accounts are based on the payment profiles of sales over a period of 36 months starting April 1, 2017 and ending on March 31, 2020 and the corresponding historical credit losses experienced within this period.

Practical expedient for financial assets with low credit risk

As an exception to the simplified and general approaches, if the credit risk of a financial instrument is low at the reporting date, the Group can measure impairment using 12-month ECL, and so it does not have to assess whether a significant increase in credit risk has occurred.

The financial instrument has to meet the following requirements, in order for this practical expedient to apply:

- it has a low risk of default;
- the borrower is considered, in the short term, to have a strong capacity to meet its obligations in the near term; and
- the lender expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

Incorporation of forward-looking information

Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified indicators such as trends in days sales outstanding for key customers and macroeconomic indicators of the country to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
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4 Financial risk management ...continued

b) Credit risk ...continued

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 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.

The Group provides for credit losses on financial assets as follows:

March 31, 2021

Category	Credit Rating	Average ECL rate %	Estimated EAD \$	Expected credit loss \$
Performing (Stage 1)	Accounts receivable in the 1 to 30 days category	–	–	–
Underperforming (Stage 2)	Accounts receivable in the 31 to 90 days category	–	–	–
Non-performing (Stage 3)	Accounts receivable over 90 days	–	–	–
Write-off	Recovery is highly unlikely	100	11,927,362	11,927,362
TOTAL		100	11,927,362	11,927,362

Credit Rating	Estimated EAD
Financial assets in the 1 to 30 days category	–
Financial assets in the 31 to 90 days category	–
Financial assets over 90 days	–
Recovery is highly unlikely	11,927,362
	11,927,362

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
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(expressed in Barbados dollars)

4 Financial risk management ...continued

b) Credit risk ...continued

March 31, 2020

Category	Credit Rating	Average ECL rate %	Estimated EAD \$	Expected credit loss \$
Performing (Stage 1)	Accounts receivable in the 1 to 30 days category	–	–	–
Underperforming (Stage 2)	Accounts receivable in the 31 to 90 days category	–	–	–
Non-performing (Stage 3)	Accounts receivable over 90 days	–	–	–
Write-off	Recovery is highly unlikely	100%	11,026,869	11,026,869
TOTAL		100%	11,026,869	11,026,869

Credit Rating	Estimated EAD
Financial assets in the 1 to 30 days category	–
Financial assets in the 31 to 90 days category	–
Financial assets over 90 days	–
Recovery is highly unlikely	11,026,869
	11,026,869

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2021

(expressed in Barbados dollars)

4 Financial risk management ...continued

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities to meet reasonable expectations of its short term obligation. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under committed credit lines.

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 the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year \$	More than 1 year \$	Total \$
At March 31, 2021			
Accounts payable	9,192,624	–	9,192,624
Due to shareholder	–	11,850,893	11,850,893
Borrowings	12,687,699	85,471,677	98,159,376
	21,880,323	97,322,570	119,202,893
Off financial statement exposure			
Guarantee and letter of credit	–	30,800,000	30,800,000
Total liabilities	21,875,785	128,122,570	150,002,893
At March 31, 2020			
Bank overdraft	19,496,036	–	19,496,036
Accounts payable	25,651,655	–	25,651,655
Due to shareholder	63,950	6,793,390	6,857,340
Borrowings	9,257,211	42,875,219	52,132,430
	54,468,852	49,668,609	104,137,361
Off financial statement exposure			
Guarantee and letter of credit	–	30,800,000	30,800,000
Total liabilities	54,468,852	80,468,609	134,937,361

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

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4 Financial risk management ...continued

c) Liquidity risk ...continued

The table below analyses the Group's financial assets into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date.

	Less than 1 year \$	More than 1 year \$	Total \$
At March 31, 2021			
Cash and cash equivalents	16,127,444	–	16,127,444
Term deposits	7,753,077	–	7,753,077
Accounts and other receivables	27,194,157	13,243	27,207,400
Due by shareholder	7,677,716	–	7,677,716
Financial investments	–	2,453,249	2,453,249
Assets held for managing liquidity	58,752,394	2,466,492	61,218,886
At March 31, 2020			
Cash and cash equivalents	6,002,708	–	6,002,708
Term deposits	7,753,077	–	7,753,077
Accounts and other receivable	24,785,340	–	24,785,340
Due by related companies	4,847,105	–	4,847,105
Financial investments	–	2,453,249	2,453,249
Assets held for managing liquidity	43,388,230	2,453,249	45,841,479

Capital risk management

The Group's objective is to provide returns to its shareholders and benefits to other stakeholders and to reduce operating cost.

The Group uses the gearing ratio to monitor capital. This ratio is calculated as net debt divided by total capital. Net debt is current borrowings less cash. Total capital is equity plus net debt.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2021

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5 Cash and cash equivalents

	2021 \$	2020 \$
Cash on hand and at bank	16,127,444	6,002,708
Bank overdraft	–	(19,496,036)
	<u>16,127,444</u>	<u>(13,493,328)</u>

The Group had an overdraft facility of \$30,000,000 with Republic Bank (Barbados) Limited.

The bank overdraft was secured as follows:

- A legal mortgage of \$30M over the fixed and floating assets of the Company with a specific charge over property located at Woodbourne, St. Philip.
- Lien over term deposit for \$6.4M.
- Assignment of Trident Insurance Company Limited policy number FC-36115 over the stock of the Barbados National Oil Company Limited held at Barbados National Terminal Company Limited at Fairy Valley, Christ Church and anywhere else the Company operates. Republic Bank's interest on USD\$11M worth of stock consisting of either crude oil to be shipped or refined oil. Total sum insured \$196M, expiring April 1, 2020.

The interest rate on the overdraft was based on the minimum savings rate plus 3.74% per annum. The effective rate applicable to the facility at the statement of financial position date was Nil% (2020 - 6.25%).

6 Term deposits

	2021 \$	2020 \$
Term deposits	<u>7,753,077</u>	<u>7,753,077</u>

Term deposits have maturities of 6 months or less and bear interest at 0.01% (2020 - 0.01%). A lien over term deposits amounting to \$150,000 (2020 - \$6.4M) has been given as security for the Group's \$40M loan facility (2020 - Group's bank overdraft facility) (Note 5).

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2021

(expressed in Barbados dollars)

7 Accounts and other receivables

	2021 \$	2020 \$
Current:		
Trade receivables	26,825,578	21,003,762
Duty prepaid	6,466,715	14,735,383
VAT receivable	1,216,764	1,625,486
Other receivables	368,579	3,781,578
	<u>34,877,636</u>	<u>41,146,209</u>
Non-current:		
Other receivables	13,243	–
VAT receivable	1,277,396	770,147
	<u>1,290,639</u>	<u>770,147</u>
Total accounts and other receivables	<u>36,168,575</u>	<u>41,916,356</u>

The other classes within accounts receivable do not contain impaired assets.

The maximum exposure to credit risk at March 31, 2021 is the fair value of each class of receivable mentioned above, which approximates their carrying values. The Group does not hold any collateral as security.

There was no loss allowance on accounts and other receivables in 2021 or 2020.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
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8 Related party transactions

The following transactions were carried out with related parties:

i) Sales of goods and services

	2021 \$	2020 \$
Sale of 3k grid solar system to director	13,500	–

ii) Key management compensation

Key management comprises directors and senior management of the company. Compensation to these individuals was as follows:

	2021 \$	2020 \$
Salaries and other short-term benefits	1,359,032	1,477,652
Director fees	101,400	96,400

iii) Due from associated company

	2021 \$	2020 \$
Due from associated company	11,927,362	11,026,869
Loss allowance	<u>(11,927,362)</u>	<u>(11,026,869)</u>
	–	–

The amount due from Asphalt Processors Inc. arises from sale transactions and is unsecured and bears no interest.

iv) Due from shareholder

	2021 \$	2020 \$
National Petroleum Corporation	<u>7,677,716</u>	<u>4,847,105</u>

This amount is in the normal course of business and is normally payable within 30 days of the invoice date.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
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(expressed in Barbados dollars)

8 Related party transactions...continued

v) Dueto shareholder

	2021 \$	2020 \$
Current:		
National Petroleum Corporation	–	<u>63,950</u>
Non-current:		
National Petroleum Corporation	<u>11,850,893</u>	<u>6,793,390</u>

This amount arises mainly from sale transactions and is unsecured, and bears no interest.

On June 14, 2017, the Government of Barbados entered into loan contract no. 3843/OC-BA with the Inter-American Development Bank for a project entitled "Deployment of Cleaner Fuels and Renewable Energies in Barbados" in the amount of USD\$34 million. Subsequent to this on January 8, 2019, the Government of Barbados entered into an on-lending agreement with the National Petroleum Corporation (NPC) to execute the project. Subsequently, the NPC and the Group entered into an institutional cooperation framework agreement which identified components of the project in favour of BNOCL and the commitments of each party. NPC and BNOCL then entered into a repayment agreement to determine the allocation of funds between each entity. The project commenced June 14, 2017 and the disbursement period is scheduled to be completed six years from the effective date of the loan contract. The loan shall be repaid semi-annually, with the first installment due from the Borrower seventy-eight (78) months after the effective date of the loan contract and the last installment paid no later than the final amortisation date which is twenty-four (24) years from the effective date of the loan contract. As such repayments to NPC are expected to commence in December 2023.

iv) Due from director

	2021 \$	2020 \$
	<u>300</u>	–

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements
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9 Inventories

	2021 \$	2020 \$
Refined products	12,396,913	22,928,565
Crude oil	4,498,894	3,585,779
Materials	19,018,611	20,483,830
Goods in transit	4,978,195	8,277,546
Renewable energy supplies	3,993,226	350,907
	<u>44,885,839</u>	<u>55,626,627</u>
Less: non-current portion - tank heels (i)	–	(183,750)
	<u>44,885,839</u>	<u>55,442,877</u>
Less: provision for obsolescence on materials	<u>(17,452,371)</u>	<u>(17,479,626)</u>
	<u>27,433,468</u>	<u>37,963,251</u>

	2021 \$	2020 \$
i) Non-current - tank heels		
Balance at beginning of year	183,750	493,981
Amortisation (note 23)	<u>(183,750)</u>	<u>(310,231)</u>
Balance at end of year	<u>–</u>	<u>183,750</u>

Non-current inventory represented the cost of petroleum products owned by BNTCL. These related to tank heels which could only be sold when tanks were emptied. The balance was being amortised using a straight line basis over a three to five year period when the tanks were expected to be cleaned out and replenished.

10 Accounts payable and accrued liabilities

	2021 \$	2020 \$
Accounts payable	9,192,624	25,651,655
VAT payable	3,933,784	1,176,609
Accrued expenses	5,517,672	1,306,266
Fuel rebate payable	(265,336)	420,358
Other payables	83,027	75,223
Duty payable	6,601,360	4,652,876
	<u>25,063,131</u>	<u>33,282,987</u>

Barbados National Oil Company Limited

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11 Borrowings

	2021 \$	2020 \$
Non-current		
i) Fixed rate bond	11,250,000	13,750,000
ii) Bank Borrowings - \$70M	–	22,361,111
iii) Bank Borrowings - \$30M	25,911,309	–
iv) Bank Borrowings - \$40M	35,816,515	–
	<u>72,977,824</u>	<u>36,111,111</u>
Current		
Borrowings	<u>9,604,816</u>	<u>6,695,139</u>
Total borrowings	<u>82,582,640</u>	<u>42,806,250</u>

i) Fixed rate bond

A fixed rate \$50,000,000 Bond 2004 - 2026 with interest payable semi-annually in arrears based on the outstanding principal, computed on a 360 day basis. The bond is secured by a Guarantee to the extent of \$50,000,000 from the Government of Barbados.

The effective interest rates applicable to this bond over the life of the bond, are as follows:

First 2 years	5.75%
Next 5 years	6.25%
Next 5 years	6.75%
Next 5 years	7.00%
Last 5 years	7.25%

The bond initially had a 2 year moratorium on principal payments, then equal semi-annual payments of principal. Repayment of principal on this bond commenced on December 11, 2006.

Barbados National Oil Company Limited

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March 31, 2021

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11 Borrowings ...continued

ii) Bank borrowings - \$70M loan

Interest on the loan was payable monthly in arrears at minimum saving rate (MSR) plus 3.75%, based on the outstanding principal, computed on a 365 day basis. The loan was secured by a Guarantee to the extent of \$70,000,000 from the Government of Barbados. The effective rate applicable to this loan was 6.25% (2020 - 6.25%).

The loan was repayable with equal quarterly principal payments of \$972,222. Repayment of principal commenced on December 24, 2008. The loan was fully repaid on November 16, 2020.

iii) Bank borrowings - \$30M loan

On August 12, 2020, Republic Bank (Barbados) Limited committed to provide a demand facility of \$30,000,000 with an annual interest of 3.95% which is fixed for the first 5 years. The balance is repayable quarterly in arrears based on the outstanding principal, computed on a 360 day basis with payments of principal and interest of \$1,097,997 over 8 years. The effective rate applicable to this loan at the statement of financial position date was 3.95%.

The bond and loans are secured by the following securities:

- Guarantee from Barbados National Oil Company Limited for \$30.8M.
- First legal debenture/mortgage stamped to cover \$30M over the fixed and floating assets of the Company with a specific charge over the property and terminal facility at Fairy Valley.
- Trident Insurance Company Limited policy number FC-036115 over the stock of the Barbados National Oil Company Limited held at Barbados National Terminal Company Limited at Fairy Valley, Christ Church and anywhere else the Company operates. Sum insured \$195M expiring April 1, 2021.
- Letter of Undertaking from Barbados National Oil Company Limited to remit funds to satisfy monthly loan repayments at the Bank's request.
- Cross Guarantees from Barbados National Oil Company Limited and Barbados National Oilfield Services Limited.

Barbados National Oil Company Limited

Notes to the Consolidated Financial Statements

March 31, 2021

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11 Borrowings ...continued

iv) Bank borrowings - \$40M loan

During the year, a 10 year commercial mortgage loan was entered into between the Company and Republic Bank (Barbados) Limited, for a total of \$40,000,000. This has been executed to assist the Company with business related expenses, liquefied natural gas purchases, liquidate the overdraft of \$30M and capital support. Repayment is made in quarterly blended principal and interest payments of \$1,215,335 at a rate of 3.95% per annum, which is fixed for 5 years and subject to review thereafter.

The loan is secured by the following securities:

- i) First freehold debenture/mortgage stamped to cover \$30,000,000 over the fixed and floating assets of the company, with a specific charge over property located at Woodbourne, St. Philip. Further upstamp of freehold debenture mortgage by \$10,000,000 to \$40,000,000 over the fixed and floating assets of the Company and of Barbados National Oil Holding Company Limited as surety and principal obligor, with a specific charge over property located at Woodbourne, St. Philip.
- ii) Assignment of Trident Insurance Company Limited Policy Number FC-36115 over Fairy Valley Christ Church and anywhere else the Company operates from in Barbados. Face value USD \$100,000,000. Bank's interest noted for USD \$11,000,000 worth of stock to be increased to USD \$20,000,000. Expiring April 1, 2021.
- iii) Lien over term deposit in the name of the Company for the equivalent of USD \$75,000 (Fixed Deposit #0980-2702-4203 - for the Standby Letter of Credit to New Fortress Energy Marketing LLC).
- iv) Cross guarantees from Barbados National Terminal Co. Ltd and Barbados National Oilfield Services Limited.

The fair values of the borrowings as at March 31, 2021 are \$76,037,660. The fair values are based on cash flows discounted using a rate based on the latest bond rates which range from 3.18% to 9.14%.

Barbados National Oil Company Limited

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12 Financial investments

	2021 \$	2020 \$
Non-current		
Financial assets at amortised cost:		
Government of Barbados Series D Bond (i)	2,453,249	2,453,249
Balance at beginning of year	2,453,249	6,229,348
Repayment of debt securities	—	(483,406)
Redemption of debt securities	—	(3,292,693)
Balance at end of year	2,453,249	2,453,249

i) The bond accrues interest at 1.5% and matures on August 31, 2053.

The fair value of financial assets at amortised cost at year end was \$1,589,892 (2020 - \$1,741,164).

13 Investment in associated company

	2021 \$	2020 \$
Equity value of investment - beginning of year	362,823	493,883
Share of net income/(loss) of associated company for the year	863,629	(131,060)
Equity value of investment - end of year	1,226,452	362,823

The Group has a 30.40% interest in the associated company, Asphalt Processors Inc., a company incorporated in Barbados.

Barbados National Oil Company Limited

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14 Property, plant and equipment

	Land, buildings & leasehold improvements \$	Furniture, fittings and office equipment \$	Motor vehicles \$	Well equipment \$	LPG processing facilities \$	Seismic cost \$	Production and operation equipment \$	Intangible drilling and development costs \$	Construction in progress \$	Total \$
At March 31, 2019										
Cost	21,873,053	8,203,782	4,398,258	38,908,042	14,258,976	1,102,082	162,064,415	223,782,738	3,197,356	477,788,702
Accumulated depreciation	(8,645,058)	(7,290,848)	(3,635,767)	(34,771,331)	(11,194,620)	(1,058,526)	(81,190,849)	(146,633,196)	—	(294,420,195)
Net book amount	13,227,995	912,934	762,491	4,136,711	3,064,356	43,556	80,873,566	77,149,542	3,197,356	183,368,507
Year ended March 31, 2020										
Opening net book amount	13,227,995	912,934	762,491	4,136,711	3,064,356	43,556	80,873,566	77,149,542	3,197,356	183,368,507
Additions	86,838	342,833	—	—	—	—	177,938	129,712	453,732	1,191,053
Additions from NPC Project	—	—	498,723	—	—	—	—	—	3,667,512	4,166,235
Execution Unit for abandonment (note 16)	(100,224)	(47,899)	(261,723)	—	—	—	—	(26,709,660)	—	(26,709,660)
Disposals - cost	16,286	22,399	261,723	—	—	—	—	—	—	300,408
Accumulated depreciation on disposals	(766,919)	(510,155)	(241,538)	(588,844)	(299,924)	(19,127)	(5,852,418)	(2,521,824)	—	(10,800,749)
Depreciation and depletion charges	12,463,976	720,112	1,019,676	3,547,867	2,764,432	24,429	75,199,086	48,047,770	7,318,600	151,105,948
Closing net book amount										
At March 31, 2020										
Cost	21,859,667	8,498,716	4,635,258	38,908,042	14,258,976	1,102,082	162,242,353	197,202,790	7,318,600	456,026,484
Accumulated depreciation	(9,395,691)	(7,778,604)	(3,615,582)	(35,360,175)	(11,494,544)	(1,077,653)	(87,043,267)	(149,155,020)	—	(304,920,536)
Net book amount	12,463,976	720,112	1,019,676	3,547,867	2,764,432	24,429	75,199,086	48,047,770	7,318,600	151,105,948

(expressed in Barbados dollars)

14 Property, plant and equipment ...continued

Year ended March 31, 2021	Land, buildings & leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Well equipment	LPG processing facilities	Seismic cost	Production and operation equipment	Intangible drilling and development costs	Construction in progress	Total
Opening net book amount	12,463,976	720,112	1,019,676	3,547,867	2,764,432	24,429	75,199,086	48,047,770	7,318,600	151,105,948
Additions	59,693	130,187	-	-	-	-	1,342,331	46,655	728,639	2,307,505
Additions from NPC Project Execution Unit	-	135,671	-	-	-	-	-	-	5,170,340	5,306,011
Transfer	732,747	277,054	-	-	-	-	-	-	(1,009,801)	-
Transfers in from deposit on property, plant and equipment	-	72,639	-	-	-	-	121,674	-	-	194,313
Disposals - cost	(902,016)	(511)	(376,721)	-	-	-	-	-	-	(1,279,248)
Accumulated depreciation on disposals	165,370	468	376,721	-	-	-	-	-	-	542,559
Depreciation and depletion charges	(753,726)	(525,417)	(317,506)	(544,707)	(299,924)	(7,345)	(5,671,356)	(1,158,156)	-	(9,287,637)
Closing net book amount	11,766,044	810,203	702,170	3,003,160	2,464,508	17,084	70,991,735	46,936,269	12,207,778	148,898,951
At March 31, 2021										
Cost	21,750,091	9,113,756	4,258,537	38,908,042	14,258,976	1,102,082	163,706,358	197,249,445	12,207,778	462,555,065
Accumulated depreciation	(9,984,047)	(8,303,553)	(3,556,367)	(35,904,882)	(11,794,468)	(1,084,998)	(92,714,623)	(150,313,176)	-	(313,656,114)
Net book amount	11,766,044	810,203	702,170	3,003,160	2,464,508	17,084	70,991,735	46,936,269	12,207,778	148,898,951

Barbados National Oil Company Limited
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15 Deposit on property, plant and equipment

At March 31, 2021, the Group had made deposits totalling \$591,136 (2020 - \$531,812) on plant and equipment. A further \$202,088 (2020 - \$148,365) is due in relation to the plant and equipment.

16 Provision for abandonment

	2021 \$	2020 \$
Balance at beginning of year	8,943,892	44,358,307
Decrease in provision for abandonment	-	(35,414,415)
Balance at end of year	8,943,892	8,943,892

The Group has established a provision of \$8,943,892 (2020 - \$8,943,892) towards remediation costs which are estimated to be \$37,738 (2020 - \$37,738) per well which is required to return the surface location of wells to their original condition. The cost of abandonment is included in intangible drilling and development costs under property, plant and equipment and is amortised to the consolidated statement of comprehensive income in line with the Group's depletion charge for the year. The estimated price per well is the present value of \$105,000 per well over a 15 year period at a discount rate of 7.06%.

The sensitivity of the provision for abandonment to changes in the weighted principal assumptions is as follows:

	Impact on provision for abandonment		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	7,712,265	10,172,162
Cost	10%	8,249,702	9,453,180
Period	1 year	8,255,369	9,490,665

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Barbados National Oil Company Limited

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17 Leases

i) Amounts recognised in the statement of financial position:

	2021 \$	2020 \$
Right-of-use asset		
Land	<u>3,406,926</u>	3,465,666
Lease liabilities		
Non-current	<u>(4,347,900)</u>	(3,914,558)

Additions to right-of-use asset during the 2021 financial year were \$Nil (2020 - \$Nil)

ii) Amounts recognised in the statement of comprehensive income:

	2021 \$	2020 \$
Depreciation charge of right-of-use assets		
Land	<u>(58,740)</u>	(58,740)
Interest expense	<u>(433,342)</u>	(390,152)

The total cash outflow for leases in 2021 was \$Nil (2020 - \$Nil).

18 Employee benefits

The Group operates defined benefit pension plans for their employees under segregated fund policies with Sagicor Life Inc. The plans are valued triennially by independent actuaries. The next full triennial valuation is due on April 1, 2021. Interim valuations are performed each year.

In respect of the defined benefit plans operated by the Group, the amounts recognised in the consolidated statement of financial position are as follows:

	2021 \$	2020 \$
Fair value of plan assets	23,288,570	21,020,250
Present value of funded obligations	(22,914,398)	(22,637,594)
Effect of IFRIC 14	<u>(3,014,125)</u>	-
Net liability in the consolidated statement of financial position	<u>(2,639,953)</u>	(1,617,344)

Barbados National Oil Company Limited

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18 Employee benefits ...continued

The movement in the fair value of plan assets is as follows:

	2021 \$	2020 \$
Fair value of plan assets at beginning of year	21,020,250	20,189,898
Actual return on plan assets	2,149,516	59,647
Contributions - employer	1,170,872	1,134,101
Contributions - employee	335,879	305,829
Benefits paid	<u>(1,387,947)</u>	(669,225)
Fair value of plan assets at end of year	<u>23,288,570</u>	21,020,250

The movement in the present value of funded obligations is as follows:

	2021 \$	2020 \$
Present value of funded obligations -at beginning of year	22,637,594	21,861,895
Interest cost	1,778,024	1,744,071
Current service cost (including voluntary contributions)	1,121,445	1,095,114
Benefits paid	(1,387,947)	(669,225)
Actuarial gain on obligation	<u>(1,234,718)</u>	(1,394,261)
Present value of funded obligations at end of year	<u>22,914,398</u>	22,637,594

Movements in the net liability recognised in the consolidated statement of financial position are as follows:

	2021 \$	2020 \$
Net liability at beginning of year	(1,617,344)	(1,671,997)
Net expense recognised in the statement of comprehensive income	(929,916)	(938,774)
Contributions paid	1,170,872	1,134,101
Remeasurements included in the statement of other comprehensive income	<u>(1,263,565)</u>	(140,674)
Net liability at end of year	<u>(2,639,953)</u>	(1,617,344)

Barbados National Oil Company Limited

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18 Employee benefits ...continued

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	2021	2020
	\$	\$
Current service cost	785,566	789,285
Interest on obligation	1,778,024	1,744,071
Expected return on plan assets	<u>(1,633,674)</u>	<u>(1,594,582)</u>
Total included in employee expenses	<u>929,916</u>	938,774

The amounts recognised in other comprehensive income are as follows:

	2021	2020
	\$	\$
Actuarial gain on obligation	1,234,718	1,394,261
Actual return on plan assets	2,149,516	59,647
Expected return on plan assets	<u>(1,633,674)</u>	<u>(1,594,582)</u>
Effect of IFRIC 14	<u>(3,014,125)</u>	-
Total included in other comprehensive income	<u>(1,263,565)</u>	(140,674)

	2021	2020
	\$	\$
Actual return on plan assets	<u>2,149,516</u>	59,647

Plan assets are comprised as follows:

	2021	2020
Mortgages	19%	16%
Bonds	53%	54%
Equities	20%	17%
Real estate	2%	2%
Current assets and liabilities	<u>7%</u>	<u>11%</u>
	<u>100%</u>	100%

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18 Employee benefits ...continued

Assets are matched to the pension obligations by investing in long term securities with maturities that match the benefits payments as they fall due and in the currency of benefit payments. Whether the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligation is monitored actively. The Group has not changed the processes used to manage its risk from previous years. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Principal actuarial assumptions at the consolidated statement of financial position date are as follows:

	2021	2020
Discount rate at end of year	7.75%	7.75%
Expected return on plan assets at end of year	7.75%	7.75%
Future promotional salary increases	2.50%	2.50%
Future pension increases	0.75%	0.75%
Future inflationary salary increases	4.25%	4.25%
Future changes in NIS Ceiling	4.25%	4.25%
Mortality	GAM94	GAM94

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Barbados bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

The trustees invest the funds for the defined benefits section of the plan primarily via two pooled segregated funds and amend their asset allocation benchmark as necessary to meet the objectives. The government bonds in the funds represent primarily investments in Government of Barbados securities. There are limited investments in corporate bonds.

However, the Group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Group's long term strategy to manage the plan efficiently.

Barbados National Oil Company Limited

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18 Employee benefits ...continued

Changes in bond yields

A decrease in Government of Barbados bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	19,726,472	26,324,578
Salary growth rate	0.5%	23,687,334	21,664,876
Life expectancy	1 year	23,621,166	–

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the year) has been applied as when calculating the pension plan asset recognised within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

19 Taxation

Under the Petroleum Winning Operations Taxation Act, Cap. 82, the Group is not subject to taxation on exploration revenue until its level of regular exports of petroleum average 10,000 barrels a day, measured over a period of 30 consecutive days, or until the expiration of a period of five years from the date on which petroleum was first regularly exported by the parent company, whichever is earlier. The Group did not meet these criteria during the year.

The corporation tax charge for the year is comprised as follows:

	2021 \$	2020 \$
Current tax charge	387,598	1,164
Deferred tax charge	23,813	237,459
	411,411	238,623

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19 Taxation ...continued

The tax on the Group's (loss)/income before taxation, differs from the theoretical amount that would arise using the statutory taxation rate of Barbados as follows:

	2021 \$	2020 \$
(Loss)/income before taxation	(21,348,994)	3,301,700
Tax calculated at statutory rate of 5.5% (2020 - 5.5%)	(1,174,194)	181,594
Effect of sliding scale of tax rates	(88,864)	–
Tax effects of the following:		
Expenses not deductible for tax purposes	620,299	541,421
Movement in deferred tax asset not recognised	905,888	24,240
Prior year under/(over) provision - current and deferred tax	229,419	(49,093)
Income not subject to tax	–	(480,085)
(Gain)/loss not subject to tax	(47,500)	30,245
Investment allowance	(33,637)	(9,699)
Taxation charge	411,411	238,623

The unrecognised deferred tax asset consists of the following components:

	2021 \$	2020 \$
Delayed/(accelerated) tax depreciation	3,105,705	(4,224,906)
Unutilised tax losses (note 24)	30,751,773	21,383,387
Inventory provision	342,306	342,306
Employee benefits liability (note 18)	3,228,908	1,986,590
	37,428,692	19,487,377
Deferred tax asset at 5.5% (2020 - 5.5%)	2,058,578	1,071,806

The deferred tax asset has not been recognised due to the uncertainty of recoverability in future periods and relates to Barbados National Oil Company Limited and Barbados National Oilfield Services Limited.

Barbados National Oil Company Limited

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19 Taxation ...continued

The deferred tax liability recognised is comprised as follows:

	2021 \$	2020 \$
Accelerated tax depreciation	(15,093,828)	(19,451,876)
Unutilised tax losses (note 24)	10,416,151	15,366,509
Unpaid interest	–	320,109
Employee benefits asset (note 18)	(588,955)	(369,246)
Right-of-use asset (note 17)	(3,406,926)	(3,465,666)
Lease liability (note 17)	4,347,900	3,914,558
	<u>(4,325,658)</u>	<u>(3,685,612)</u>
Deferred tax liability at 5.5% (2020 - 5.5%)	<u>(237,911)</u>	<u>(202,710)</u>

The deferred tax asset relates solely to Barbados National Oil Holding Company Limited and has been recognised due to the reasonable expectation of recoverability in future periods.

The deferred tax liability relates solely to Barbados National Terminal Company Limited.

The above temporary differences have no expiry date, except for unutilised tax losses, the expiry dates of which are disclosed in Note 24.

20 Share capital

Authorised

The Company is authorised to issue an unlimited number of shares of no par value

Issued

	2021 \$	2020 \$
82,030 common shares	<u>41,014,809</u>	41,014,809

The shares are allotted as follows:

	2021 Number	2020 Number
Government of Barbados - common shares	61,913	61,913
National Petroleum Corporation - common shares	<u>20,117</u>	<u>20,117</u>
	<u>82,030</u>	<u>82,030</u>

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21 Revenue

Upstream revenue represents sales attributable to natural gas and crude oil as follows:

	2021 \$	2020 \$
Crude oil	18,458,559	35,569,295
Natural gas - National Petroleum Corporation (shareholder)	<u>10,964,575</u>	<u>12,952,778</u>
	<u>29,423,134</u>	<u>48,522,073</u>

Downstream revenue - refined product sales is comprised of the following:

	2021 \$	2020 \$
Fuel oil	81,830,853	119,091,430
Asphalt feed	9,474,696	7,848,499
Diesel and gasoline	<u>123,942,145</u>	<u>236,972,850</u>
	<u>215,247,694</u>	<u>363,912,779</u>

22 Other income

	2021 \$	2020 \$
Interest income	36,937	361,025
Other income	<u>545,464</u>	<u>558,832</u>
	<u>582,401</u>	<u>919,857</u>

23 Other losses

	2021 \$	2020 \$
Lease of property (note 17)	–	(488,000)
Loss on disposal of property, plant and equipment	(167,558)	(80,502)
Amortisation of tank heels (note 9)	(183,750)	(310,231)
Miscellaneous expenses-other	–	(691,333)
	<u>(351,308)</u>	<u>(1,570,066)</u>

Barbados National Oil Company Limited

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24 Tax losses

Accumulated tax losses which are available for set off against future taxable income for corporation tax purposes are as follows:

Tax losses related to the unrecognised deferred tax asset:

Year	Losses b/fwd. \$	Adjustment \$	Incurred \$	Utilised \$	Losses c/fwd. \$	Expiry date
2015	605,554	(575,731)	–	(29,823)	–	
2016	11,663,048	–	–	(11,075)	11,651,973	2023
2017	4,989,744	–	–	–	4,989,744	2024
2018	713,498	–	–	–	713,498	2025
2019	1,889,518	(1,889,518)	–	–	–	
2020	1,522,025	(1,252,789)	–	–	269,236	2027
2021	–	–	13,127,322	–	13,127,322	2028
	<u>21,383,387</u>	<u>(3,718,038)</u>	<u>13,127,322</u>	<u>(40,898)</u>	<u>30,751,773</u>	

Tax losses related to the recognised deferred tax liability:

Year	Losses b/fwd. \$	Adjustment \$	Utilised \$	Losses c/fwd. \$	Expiry date
2018	213,790	(59,066)	(34,606)	120,118	2025
2019	6,835,107	4,107	(4,554,559)	2,284,655	2026
2020	8,317,612	(306,234)	–	8,011,378	2027
	<u>15,366,509</u>	<u>(361,193)</u>	<u>(4,589,165)</u>	<u>10,416,151</u>	

The tax losses are as computed by the Group's companies in their corporation tax returns and have as yet neither been confirmed nor disputed by the Barbados Revenue Authority.

Barbados National Oil Company Limited

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25 Expenses by nature

	2021 \$	2020 \$
Petroleum products	224,956,872	370,052,686
Staff costs (note 26)	13,758,295	15,863,448
Consulting and professional fees	1,048,705	869,434
Repairs and maintenance	1,146,257	3,827,155
Insurance	1,972,977	1,627,310
Utilities	540,902	637,984
Loss allowance for/(write back of) amounts due from associated company	900,493	(396,495)
IADB project expenses	1,002,130	2,627,155
Other	6,973,612	6,952,152
	<u>252,320,243</u>	<u>402,060,829</u>
Total cost of goods sold, terminal operating costs and general and administrative expenses		

26 Staff costs

Staff costs funded by the Group were as follows:

	2021 \$	2020 \$
Wages, salaries and bonus	10,457,151	11,890,307
Allowances	525,886	547,669
National Insurance	918,247	929,505
Pension expense (note 18)	929,916	938,774
Medical and other costs	927,095	1,557,193
	<u>13,758,295</u>	<u>15,863,448</u>
Number of persons employed by the Group at year end	<u>140</u>	<u>139</u>

Barbados National Oil Company Limited

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27 Non-cash investing and financing cash flows

	2021	2020
	\$	\$
IDB project	144,606	–
Additions to property, plant and equipment	5,306,011	4,166,235
Bond redemption	–	3,416,169

28 Holborn facilities costs

In March 2006, ESSO Standard Oil S.A. Limited (“ESSO”) and the Group negotiated an agreement whereby ESSO will provide storage and handling services to the Group for an initial period of at least 10 years. The services include the receiving, storage, handling and delivery of petroleum products in and out of ESSO’s Holborn Terminal located at Fontabelle, St. Michael at a standard fee rate of US\$1.30 for each barrel of product delivered out of the terminal. An updated agreement is currently under negotiation between the relevant entities.

29 Contingent asset

In September 2005, there was an accident involving BNTCL’s pipelines at Oistins and its shipper. Currently, BNTCL is legally pursuing its claims against the shipper amounting to \$1.2 million plus interest and incidental costs. The Group has not recognised this amount as an asset in the consolidated financial statements due to the uncertainty of its outcome.

30 Contingent liabilities

Bank guarantees have been entered into by the Group to provide security on the Barbados National Terminal Company Limited’s bank borrowings. The liabilities attached to these guarantees at March 31, 2021 amount to \$30,800,000 (2020 - \$30,800,000).

31 Other events

On October 30, 2014, the Cabinet of the Government of Barbados agreed to the merger of the Company and the National Petroleum Corporation. On January 28, 2015, the Board at its meeting approved the merger, which was expected to be undertaken on a phased basis with the first phase concentrating on the merger of the administrative and back office services.

On January 11, 2018, the Cabinet subsequently agreed inter alia:

- i) that the National Petroleum Corporation Act, Cap 280 be repealed;
- ii) that the assets and liabilities and rights and obligations of the National Petroleum Corporation be vested in the new Barbados National Petroleum Products Limited;
- iii) that a holding company titled the Barbados National Energy Corporation be established and that the assets of four entities including those of the Barbados National Petroleum Products Limited be vested in this company.

Following the change of Government in May 2018, the Company is awaiting communication as to the direction now to be taken.

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32 COVID-19

The outbreak of COVID-19 in the first quarter of 2020, and measures taken subsequently by governments to contain the virus has resulted in travel and boarder restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty which have impacted economic activity and the demand for the Group’s products.

The extent and duration of the impact of COVID-19 on the global and local economies and the sectors in which the entity and its customers and suppliers operate remains uncertain at this time.

The Group operates in the oil and gas industry, as the sole provider of petroleum products to the Barbados market. During the year ended March 31, 2021, the reduction in local economic activity has resulted in a significant decline in revenue and a reduction in the company’s operating results.

Despite these significant declines in sales activities following the COVID-19 outbreak, the provision and sale of petroleum products remains essential. Management therefore expect that the Group will continue as a going concern despite the economic impact of COVID-19.