WIOC
WEST INDIES OIL CO. LTD.

*INNOVATIVE ENERGY SOLUTIONS*


# 2022 ANNUAL REPORT


**ENERGISING LIVES. BRIGHTENING FUTURES.**

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# VISION

WIOC will continuously deliver value to our stakeholders by:

- Providing high quality petroleum products and storage services in a safe, environmentally sustainable, and ethical manner.
- Our commitment to continuous operational excellence and customer satisfaction.
- Enhancing capacity and consistently delivering outstanding results.
- Building a culture of efficiency and innovation to achieve strategic goals.
- Creating a team focused on collaboration, professional development, and high performance.
- Improving the economic and cultural vitality of the communities where we operate.

# MISSION

To be the premier oil storage and petroleum products provider in Antigua and Barbuda, Dominica and the rest of the Eastern Caribbean.

# CORE VALUES

We thrive on performance, proficiency and professionalism. It is the foundation of our success over the past half century, but we are more than that. WIOC is constantly assessing not only what we do, but how we do it. The five values which guide what we do are non-negotiable; they constitute our ethos. They are not only what we say, they're who we are:

SAFETY | INTEGRITY | RELIABILITY | INNOVATION | EXCELLENCE

These are the pillars on which we have built our brand, and why our name is synonymous with quality around the region. We are best-in-class because adherence to the highest ethical standards is the foundation for our competitive strength. We never sacrifice our values on the altar of expediency.


# CORPORATE INFORMATION

**ANTIGUA**
***REGISTERED OFFICE***
WIOC Terminal
Friars Hill Road
St. John's
Antigua
West Indies
Tel: +1 268 462-0141/0142
E-mail: corporate@westindiesoil.com
Website: www.westindiesoil.com

**DOMINICA**
***CANEFIELD ROSEAU, DOMINICA***
+1 767 449 1353
info@westindiesoil.com

**SHARE REGISTRY**
***EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY***
P.O. Box 94
Bird Rock
Basseterre
St. Kitts and Nevis
West Indies

**ATTORNEYS-AT-LAW**
***CORT & CORT***
Fitzgerald House, 2nd Floor.
44 Church Street
P.O. Box 2010
St. John's
Antigua
West Indies
Phone: +1 268 462 5232/5233

***GAIL PERO***
Westlin Chambers
Independence Drive
P.O. Box 2810
St. John's
Antigua
West Indies
Phone: +1 268 462 4444

**AUDITORS**
***BDO ANTIGUA AND BARBUDA***
Cnr. Factory Road and Carnival Gardens
St. John's
Office phone number +1 268 462 8868/9

# WIOC DASHBOARD

## PRIMARY BUSINESS

- STORAGE, DISTRIBUTION AND MARKETING OF PETROLEUM PRODUCTS
- REAL ESTATE DEVELOPMENT
- FUEL BUNKERING

## ANNUAL TURNOVER

FOR THE YEAR ENDED DECEMBER 31, 2022

**EC$521.7 MILLION**

US$ 192.03 MILLION (EQUIVALENT)

NB: US$1 = EC$37 CENTS

## HEAD COUNT

108 FULL TIME

6 PART TIME

## MARKETING

- AVERAGE ANNUAL SALES VOLUME OF 1,475,000 BARRELS (2016 - 2022)
- BASE OF OVER 450 CUSTOMERS INCLUDING ANTIGUA PUBLIC UTILITIES AUTHORITY, SOL AVIATION, RUBIS AVIATION AND RUBIS WEST INDIES LIMITED
- PRIMARY PRODUCTS DISTRIBUTED ARE GASOLINE, LOW AND HIGH SULFUR DIESEL, FUEL OIL AND LPG

## GEOGRAPHICAL LOCATIONS

(EASTERN CARIBBEAN)

- Antigua Parent Company
- Head Office and Oil and Gas Terminal
- Friars Hill Road, St. John's, Antigua
- Marine Office at St. John's Harbour
- Offshore berthing at Dickenson Bay Antigua
- Dominica Branch: Canefield Terminal, Roseau Dominica

## CORPORATE STRUCTURE

- Limited Liability Company
- Stock traded on the Eastern Caribbean Securities Exchange
- Board of Directors appointed by shareholders
- Executive Officers (CEO, CHRO, CFO, COO) appointed by Directors
- Incorporated in 1961 under the Antigua and Barbuda Company's Act
- Continued under the amended act of 1995

## TERMINAL FACILITY

MAIN TERMINAL ANTIGUA CAPACITY
1.7M BARRELS

MAIN TERMINAL DOMINICA CAPACITY
10.6K BARRELS

## MARINE BERTHS

- FIXED BASE JETTY
- MULTI-BUOY MOORING (MBM) JETTY

## BERTHING CAPACITY

- MAXIMUM VESSEL SIZE 184.5 METERS LOA
- MAXIMUM VESSEL DISPLACEMENT 42 THOUSAND METRIC TONS

# POWER

**PURPOSE**
Our purpose as a full-service energy provider is to deliver to our customers and stakeholders quality retail and commercial products

**OWNERSHIP**
Our proud contribution to nation building and growth of an Antiguan company.

**WELL-BEING OR WORLD-CLASS**
Our commitment is to operate a world-class operation benchmarked against international standards.

**ENERGY**
Consistently providing our customers quality, value, convenience, support, and overall customer satisfaction

**RESULT-ORIENTED**
Commitment to maintaining shareholder value and providing a quality product to meet the needs of the region.

WIOC
WEST INDIES OIL CO. LTD.
INNOVATIVE ENERGY SOLUTIONS

# NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

*The Companies Act 1995, Section 141*

## COMPANY NAME

**The West Indies Oil Company Limited**

Company No: 168, incorporated March 24, 1961

## THE MEETING

Notice is hereby given of the Annual General Meeting of shareholders of The West Indies Oil Company Limited to be held at the John E St. Luce Finance and Conference Centre and virtually via live stream to all shareholders of record as of September 15th, 2023. The meeting will be held on Thursday September 28th, 2023, at 4:00 PM.

## AGENDA

1. To receive the financial statements for the fiscal year ended December 31st, 2022.
2. To receive and consider the report of the directors on the financial statements.
3. To receive and consider the report of the auditors on the financial statements.
4. To elect directors
5. To appoint BDO Chartered Accountants as auditors of the financial statements for the year ended December 31, 2023; and authorize the directors to fix their remuneration.
6. To discuss any other business that may be given consideration at an Annual General Meeting.

## BY ORDER OF THE BOARD OF DIRECTORS

| DATE | NAME AND TITLE | SIGNATURE |
|---|---|---|
| September 5th, 2023 | Carlton Bramble<br>*Corporate Secretary*<br>*The West Indies Oil Company Limited* | |

# REPORT OF THE DIRECTORS 2022

The three years 2020-2022 were peculiarly challenging for the West Indies Oil Company Limited. During 2020 and 2021, the company grappled with the unique combination of challenges of business disruption and a precipitous fall in trading activity caused by extended government-imposed lockdowns and other social distancing measures, in attempt to control the spread of COVID-19.

In the latter half of 2021, governments eased these restrictions and by the start of 2022, they were for the most part withdrawn. Business confidence and operating plans were then upended by the Russia-Ukraine war which commenced in February 2022 setting off an extra-ordinary rise in the price of petroleum products and exacerbating inflationary pressures which began with supply disruptions during the COVID-19 pandemic.

FUEL PRICES

As a result of these unique challenges, it was no longer business as usual in achieving the Company's strategic goals. We were compelled to make critical changes to the financing/funding plans set out in the strategic business plan and revise capital projects to achieve savings as well as prioritize projects which improve the resilience of the Company. In addition, we increased our focus on the safety and wellbeing programs for our team members.

We believe we have weathered the worst of these storms and have emerged a more resilient and effective organization.

## TRADING RESULTS

During the financial year ended December 31, 2022, non-jet fuel trading volumes recovered to 2019 levels prior to the COVID-19 pandemic years of 2020 and 2021. Jet fuel volumes also recovered significantly relative to 2021, though lagging behind the 2019 levels.

EARNINGS BEFORE TAXES ↑33%

The improved trading resulted in earnings before taxes exceeding EC$30 million for the first time since 2019.

## FINANCIAL POSITION

Due to improved operating cash flows, the Company was able to retire a $16.2 million demand loan it drew down in 2021 for working capital support, saving on interest expense. In addition, performance on the solvency ratios included in its loan covenants have improved markedly relative to the COVID-19 pandemic years.

## CAPITAL EXPENDITURE PROGRAM

The Company plans to spend up to EC$30 million on critical capital expenditure programs over the 2023-2024 capital budget cycle. The expenditure will improve on the plant and equipment necessary for safety and integrity of the terminal operations and the efficiency of the fuel transfer to and from the Company's two marine berths.

## NEW LINES OF BUSINESS

The Company is also considering a business acquisition offer outside of Antigua and a joint venture with an industry partner. Major rehabilitation is also planned at one of the retail service station sites owned by the company, as well as a change in the business model of that station. The refurbishment and relaunch of the location is anticipated to result in significant improvement in earnings.

## PROJECT FUNDING

The Company intends to fund the capital expenditure program from operating cash flows. The new business acquisition will be funded with a combination of retained earnings and debt funds.

## OPERATIONS

During the year 2022 a business-critical capital project to reposition the transfer of jet fuel to the VC Bird Airport in Antigua from underground pipeline to "bridging" using road tank wagons was brought to completion. The capital works were completed in 2022 and the "bridging" operations commenced in 2023. The successful operationalization of this project means that the sole source of transfer of jet fuel to the airport is no longer the aged underground pipeline. In addition, there is now adequate redundancy in the fuel supply facilities to the airport, increasing the security of supply.

The company's second marine berthing facility was also commissioned in 2022. The berth is a multi-buoy mooring facility which adds flexibility to marine operations. This new berthing facility also adds redundancy and improves the security of supply. A prolonged disruption of fuel supply in the event of a catastrophic event like a major Atlantic hurricane is significantly less likely due to the availability of an additional marine berth.

Modernization of the terminal facility is a critical strategic imperative of the Board of Directors. The comprehensive electrical upgrade of the terminal and replacement of the existing mechanical transfer pump with electric pumps as well as critical repairs to the Sea Island Jetty are the two critical projects scheduled for completion in 2023.

## DOMINICA

Throughout the year the petroleum marketing companies collaborated and made representations to the Ministry of Foreign Affairs, International Business, Trade and Energy of the Commonwealth of Dominica for an adjustment to the Ministry's pricing policy used to determine the wholesale and retail prices for the Companies' products. While these negotiations were ongoing, the companies experienced trading losses, which led one of the marketers to suspend operations in the Dominica market. WIOC Dominica however, persevered and benefited from an increase in volumes and incremental improvements in the Ministry's pricing mechanism in the third and fourth quarters of 2022.

The marketing companies' representations to the Ministry of Foreign Affairs, International Business, Trade and Energy finally bore fruit in the third quarter of 2023. A more favorable price setting regime has been implemented in Dominica. The Directors, therefore, anticipate improved trading results for the Dominica branch in 2023.

We will continue with our partners to engage the government to ensure that it's pricing policy is fair for both the consumer and the marketing companies, with the latter earning a fair return on our investment.

## GOVERNANCE

The Board of Directors ("the Board") has ultimate responsibility for the Company's corporate governance and risk management. In keeping with its principal responsibilities, the Board of Directors of the Company continues to ensure that the highest standards in corporate governance are maintained, with the objectives of reinforcing the confidence and trust of all stakeholders, increasing customers' and clients' satisfaction, and building a strong and ethical institution. The fundamental approach adopted is to ensure that the right executive leadership, corporate strategy, internal controls, and risk management procedures are in place.

Notwithstanding the aforesaid, the Board continuously reviews its governance model to ensure relevance and effectiveness as the Company faces future challenges exacerbated by uncertain economic conditions.

It is the responsibility of the Board to periodically review and approve the overall strategies, business, organization, and significant policies of the Company. The Board also monitors compliance with the Company's core values and adopts proper standards to ensure that the Company operates with integrity. The responsibilities of the Board include the following:

- reviewing and approving the strategic business plans
- identifying and managing principal risks
- reviewing the adequacy and integrity of the Company's internal controls systems.
- approving the appointment and compensation of the Chief Executive Officer and other Executive Staff; and
- approving changes to the corporate organization structure.

To effectively discharge its duties, the Board has full and unrestricted access to all information pertaining to the Company's business and affairs, as well as to the advice and services of the Executive Management. In addition to Board meetings, the Chairman maintains regular contact with the Chief Executive Officer to discuss specific matters, and the latter, assisted by the Corporate Secretary, ensures that frequent and timely communication between the Senior Management and the Board is always maintained as appropriate.

## DIVIDENDS

The dividend payout ratio of 67% of earnings per share was restored in respect of the financial year ended December 21st, 2021. Due to the adverse effects of the business disruptions caused by the COVID-19 pandemic, the dividend payout ratio for the financial years ended December 31st, 2021, and 2020 were reduced to 50% and payment deferred to 2021. The directors declared a dividend of $2.08 per share in respect of the 2021 financial year. The dividend paid in July 2022, amounted to $9,010,242.

## APPOINTMENT OF DIRECTORS

In accordance with article 17 of the articles of association, the current non-executive directors offer themselves for re-election. They are:

1. Raúl LiCausi
2. Hilroy Humphreys
3. Maria Colmenares
4. Alberto Wayne Martin
5. Abena St. Luce
6. Maria Browne
7. Weiqian Xu
8. Lan Yu

In addition, the Board also recommends the appointment of the following new Executive directors.

1. Gregory Georges, CEO
2. Carlton Bramble CFO

## APPOINTMENT OF AUDITORS

In accordance with article 69 of the Articles of Association, the Auditors BDO retire and being eligible, offer themselves for appointment.

## CLOSING REMARKS

In closing, the directors express our heartfelt gratitude to all our stakeholders. We wish to thank our customers and clients, without whom we would not have a thriving business. In addition, we commend the hard work and ingenuity of our employees, without whom our strategic goals will remain unfulfilled.

We are optimistic and excited about the prospects of The West Indies Oil Company Limited and look forward to delivering sustained growth in the value of your investment in the Company.

**RAÚL LICAUSI**
Chairman

**HILROY R HUMPHREYS**
Director

# CEO MANAGEMENT DISCUSSION AND ANALYSIS

## DECEMBER 2022 YEAR-TO-DATE PERFORMANCE SUMMARY

Trading volumes excluding Jet fuel for the year ended December 31, 2022, increased over the comparative 2021 period by 8% and over budget 6%. Jet fuel volumes are below budget by 7%, but higher than the prior year by 10%. The year ended December 31, 2022, is the first full year without COVID-19 restrictions since the 2019 financial year.

**OPERATING INCOME BEFORE EXPENSES**

**↑20%**

The non-jet fuel trading volumes have recovered, exceeding the 2019 volumes by 22K barrels. Jet volumes, however, lag the 2019 volumes by 22%. The improved trading activity has generated a positive overall gross margin variance of $12.21 million in comparison to 2021. The gross margins are also above budget by $5.4 million. The negative price variances of the first three quarters reversed in the fourth quarter due to a reduction in product costs.

The Client services' income exceeds the prior year by $2.2 million because of a recovery of jet fuel transmission and storage fees and increased demand for lab attestation services.

Total operating expenses are higher than the prior year by $6.84 million. Operating expenses including port charges, employee benefits, product transportation, insurance expenses and other expenses are higher in 2022. The higher port charges are the result of an increase in several of the Port's service fees. Employee benefits are higher due to new hires and promotions to critical positions. Insurance expenses are higher due to the increase in premiums for all risk, terminal operators,' and product liability policies. The higher other operating expenses are the result of higher inflation on the prices of consumable items. There has been an increase in the provision for expected credit losses on receivables, the primary driver of which is the increase in accounts receivable over the prior year of 17%.

GREGORY GEORGES
*CHIEF EXECUTIVE OFFICER*

Higher depreciation is the result of the significant fixed asset acquisition, totaling $34 million for the two years 2021 and 2022.

The trading results highlighted above have resulted in consolidated Net Income (before special tax on income) of $23.935 million for the year end December 31st, 2022. The year-to-date net income exceeds the prior year to date results by $5.5 million.

The earnings cited above are before legislation introduced by the Government of Antigua, levying a 10% special surcharge on Net income after tax on earnings of selected companies inclusive of WIOC. The surcharge is retroactive to January 1st, 2021, resulting in a charge on Net Income after tax for WIOC of $4.5 million.

The improved earnings over 2021 are driven by higher operating volumes and client services, in particular jet fuel fees and lab attestation services, as well as marine services fees. Overall trading volumes are higher by 10%. A favourable price variance on inventory purchases in the latter half of the year due to lower product costs as well as higher than budgeted client services income also contributed to the higher earnings more than budget.

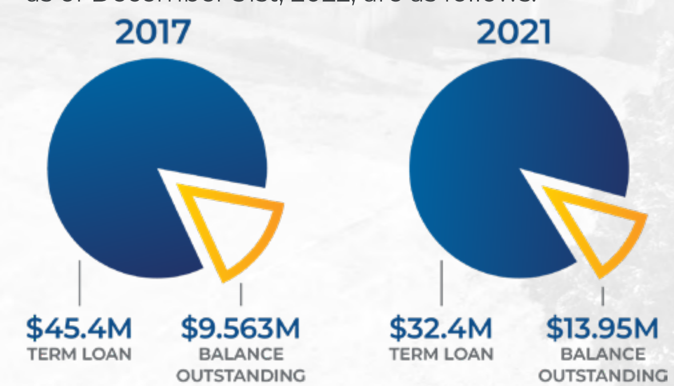
## FINANCIAL POSITION AND CAPITAL ADEQUACY

The balance sheet position in terms of working capital sufficiency to fund trading and capital adequacy for the funding of the acquisition of fixed assets and covering financing commitments for loan payments and returns to shareholders remains stable without any material deterioration in comparison to the prior year. Working capital has decreased by 41% or $15.19 million in comparison to the same period on December 31, 2021. The cash balance however, is 1.96 times contracted interest-bearing loans, a marked improvement on the comparable position on December 31, 2021, when it was only 1.24 times of total interest-bearing contractual loans.

The reduction in current working capital is the result of the retirement of $16.2 million demand portion of the loan facility draw-down of 2021 as well as higher trade payables caused by higher product costs.

## THE COMPANY'S PRIMARY SOURCE OF LIQUIDITY IS OPERATING CASH FLOWS:

In addition to operating cash flows, the Company has had two rounds of borrowing in the last 5 years. Its outstanding contractual interest-bearing debt as of December 31st, 2022, are as follows:




**The Company has honoured all loan payments fully and on time in the past and forecasts that it will continue to do so as well as for its dividend payment obligations.**

The Company has honoured all loan payments fully and on time in the past and forecast that it will continue to do so as well as for its dividend payment obligations.

Forecast operating cash flows from trading for the period December 2022 to October 2023 are $60.6 million. Planned capital expenditure is $29 million. The forecast for free cash flow to cover financing commitments is therefore $31.6 million. The contracted loan principal and interest payments for the period are $12.60 million.

These projections leave $19 million available for declared dividend commitments from operating cash flows for the forecast period January to October 2023. Estimated dividends amount to $13 million to be funded from forecast operating cash flows.

The company is satisfied that these projections are credible, based on past performance and a careful review of current trading trends and recent developments in the macro-economic environment.

## 2023 OUTLOOK – OPERATIONAL PERFORMANCE

The outlook is for continued improvement in sales volume and client services business during 2023, exceeding the budgeted net sales and other operating income before expenses. Forecast expenses are also in line with the budget. Therefore, Management expects to realize the budgeted net income of $24 million.

The impact of COVID-19 on the Company's business has receded. The Company is the sole importer and distributor of gasoline, diesel, LPG, jet fuel and fuel oil for the Antigua and Barbuda market. In Dominica, the company has the largest retail network and, along with its joint venture partner, is the importer of diesel for the national electric power generation utility. Therefore, the negative effects of COVID-19 on these markets were significant for the 2020 and 2021 financial results.

There was, however, a modest improvement in the operating results in 2021. This trend has accelerated through the financial year ended December 31, 2022. It is the expectation of the Company's Management Team that, if there are no other negative developments of the magnitude of COVID-19, operating results will continue to improve and will, by 2024 latest, return to, or exceed that of the 2019 financial year prior to the advent of COVID-19 in first quarter 2020.

The forecast assumes that the improved trading volumes and margins for the first half of 2023 will be maintained throughout the year. This assumption is founded on the forecast from the International Monetary Fund for growth in real Gross Domestic Product in Antigua and Barbuda of 5.5 – 6%. The IMF forecast was published in April 2023.

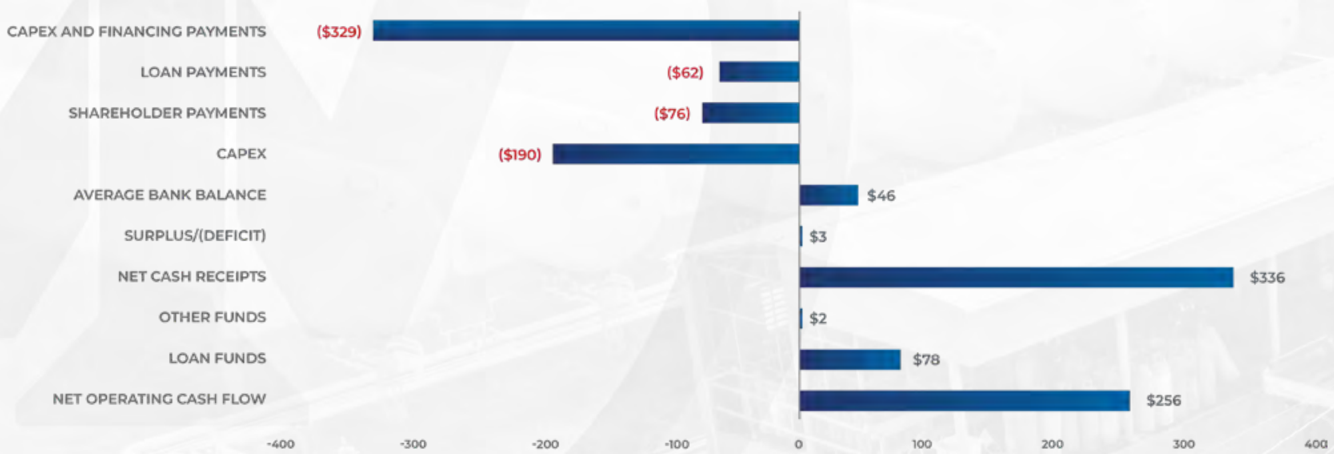
*GREGORY GEORGES*

# FINANCIAL HIGHLIGHTS

Net cash flow from operations accounts for 76% of the Company's funding. The net operating cash flow was supplemented by loan funds of EC$ 78 million. Unpaid principal and accrued interest on interest-bearing loans totaled EC$ 23.78 million as of December 31st, 2022.

### CUMULATIVE SOURCES AND USES OF FUNDS FOR THE SEVEN YEARS 2016 TO 2022

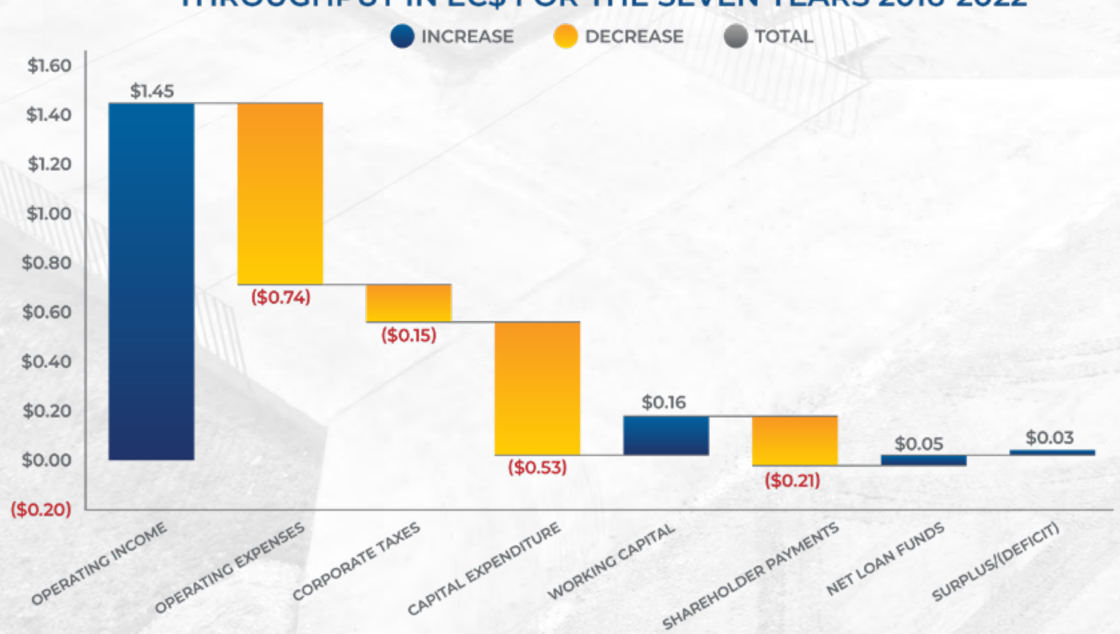
*(Amounts in millions of EC Dollars)*




Capital expenditure accounts for 57% of the funding available during the reference period. Capital expenditure for the period exceeds the combined loan repayments and distributions to shareholders by $53 million. This fund allocation reflects the strategic imperative of the Directors and Management to modernize and transform the resilience and reliability of the Friars Hill Road terminal plant and equipment.

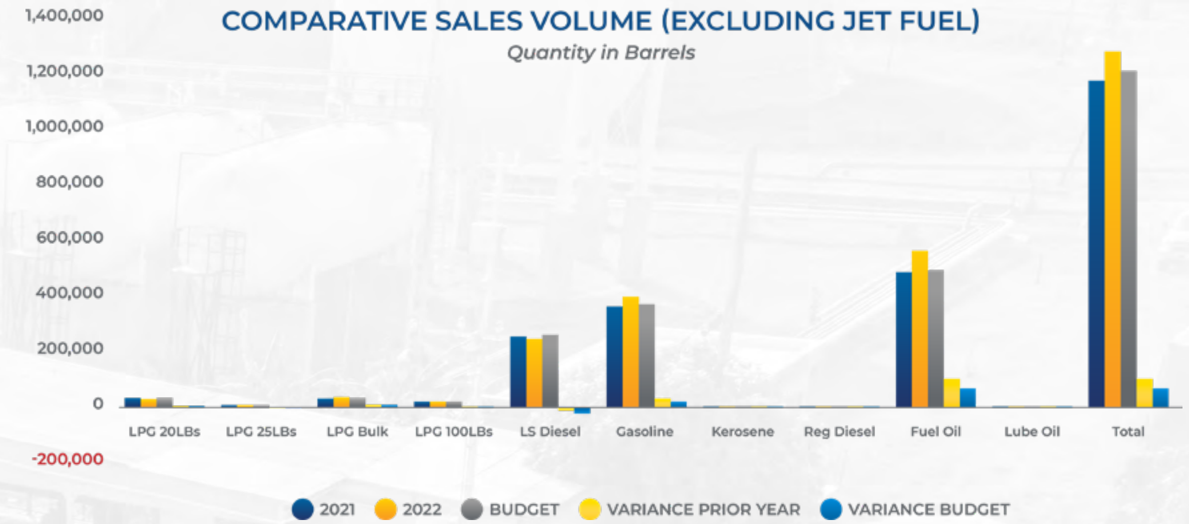
New storage tank builds and refurbishment and associated piping works account for over 50% of the capex. This investment provided the platform for an increase in revenue from storage fees and marine services including bunkering.

### AVERAGE SOURCE/(USE) OF FUNDS PER IMPERIAL GALLON OF THROUGHPUT IN EC$ FOR THE SEVEN YEARS 2016-2022




### COMPARATIVE SALES VOLUME (EXCLUDING JET FUEL)

*Quantity in Barrels*




For each imperial gallon of throughput (importation and distribution to customers) including jet fuel, the Company earned EC$1.45 cash flow from operations before operating expenses. EC$71 cents per gallon remain after deducting expenses. Capital expenditure of EC$53 cents per gallon takes up 75% of the net EC$ 71 cents from operations. Net loan funds and working capital are the other sources of funding.

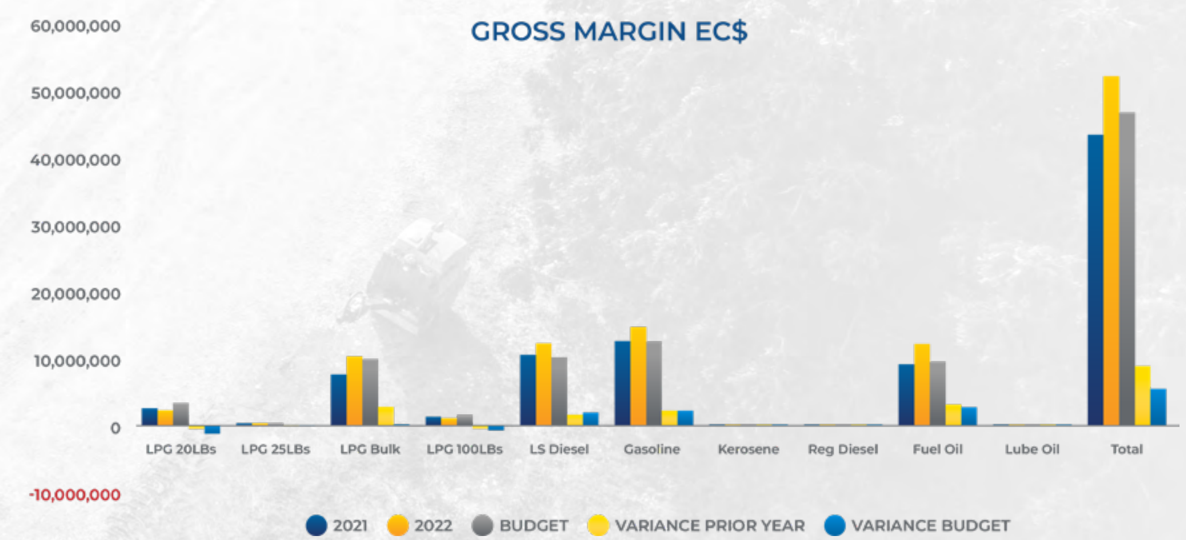
2022 total sales volumes exceed 2021's by 95,000 barrels (8%) and exceed budget by 66,000 barrels (6%). The higher 2022 volumes reflect the continued recovery from the decline in trading activity in 2020 and 2021.

Of the total non-jet fuel sales of 1.255 million barrels, fuel oil (sold exclusively to the utility customer APUA) amount to 550 thousand barrels and gasoline total 386 thousand barrels. Combined they account for 75% of total sales volume.

Gross margin on non-jet fuel sales exceeds 2021 and budget by $8.75 million and $5.37 million respectively. Fuel oil and gasoline margins are restricted by contracted terms and government margin regulations respectively.

The positive margin variance, therefore, is a combination of a positive volume variance and favourable price variance due to lower product cost for bulk LPG, in particular. The margins of this key product in the product sales mix are not subject to regulatory and contract restraints on margins.

### GROSS MARGIN EC$

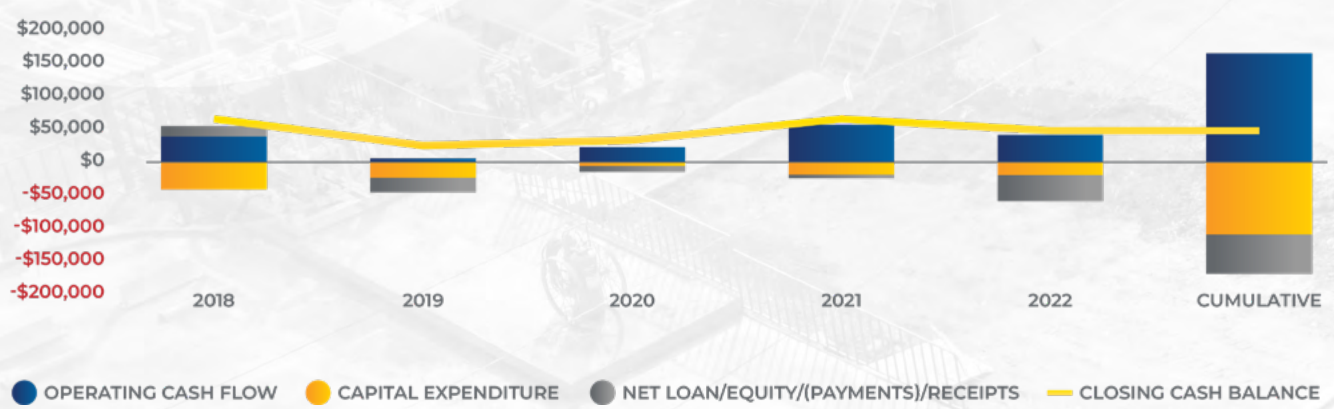


# HISTORICAL FINANCIAL PERFORMANCE

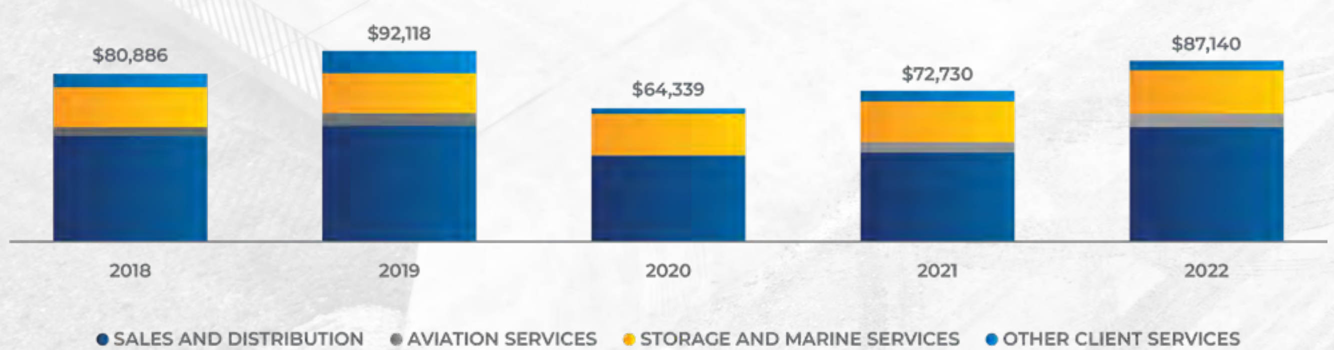
## FIVE-YEAR BALANCE SHEET SUMMARY - (EC$'000)

| ASSETS | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| CURRENT ASSETS | $185,167 | $132,632 | $139,956 | $174,848 | $180,241 |
| NON-CURRENT ASSETS | $211,519 | $225,959 | $233,260 | $244,408 | $256,220 |
| TOTAL ASSETS | $396,686 | $358,590 | $373,217 | $419,256 | $436,461 |
| **LIABILITIES** | | | | | |
| CURRENT LIABILITIES | $127,346 | $82,990 | $94,824 | $113,498 | $151,404 |
| LONG-TERM LIABILITIES | $43,988 | $36,750 | $29,013 | $52,035 | $23,786 |
| SHAREHOLDERS' EQUITY | $225,352 | $238,851 | $249,379 | $253,723 | $261,272 |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | $396,686 | $358,590 | $373,217 | $419,256 | $436,461 |

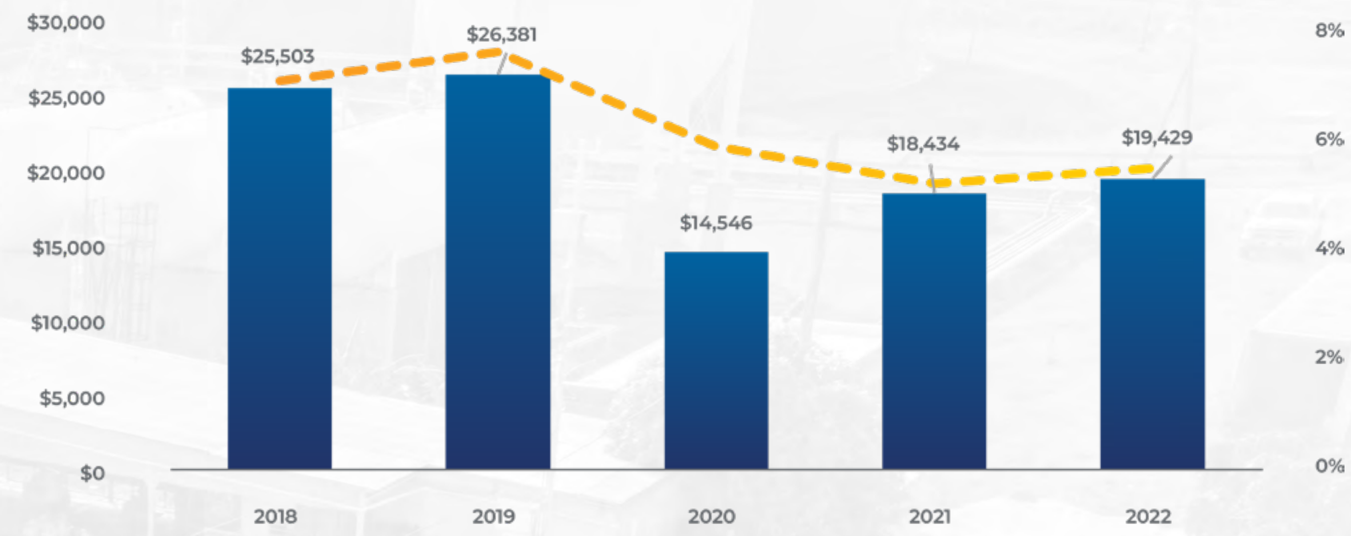
## FIVE-YEAR CASH FLOW AND CASH BALANCE 2018-2022 (EC$ '000)



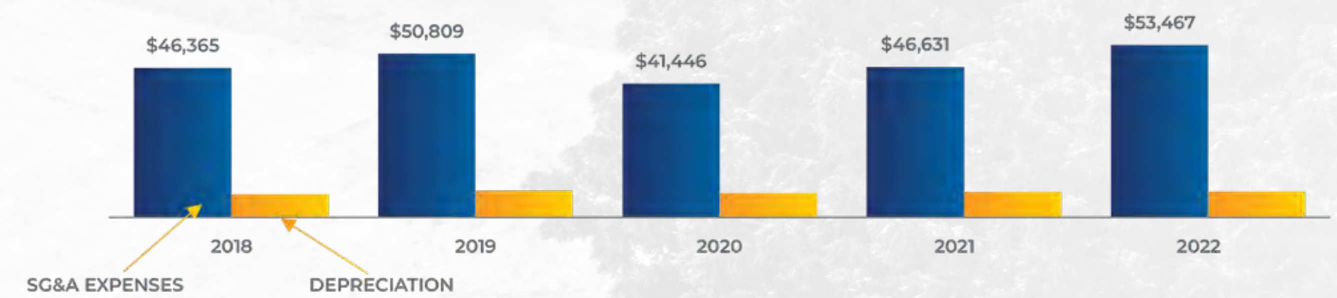

## OPERATING INCOME 2018-2022 (EC$ '000)




## PROFIT MARGIN 2018-2022 (EC$ '000)

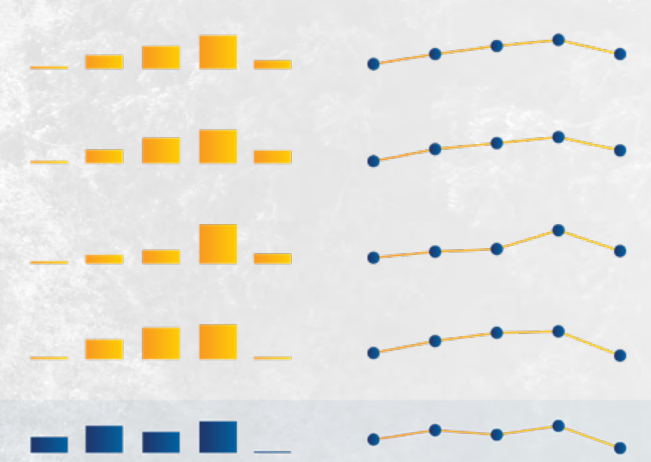



## OPERATING EXPENSES 2018 - 2022 (EC$ '000)




## FIVE-YEAR PERFORMANCE 2018-2022 (EC$ '000)

| | 5-YR. AVERAGE | TREND |
|---|---|---|
| OPERATING INCOME | $79,443 | |
| OPERATING EXPENSES | $47,743 | |
| INTEREST AND TAXES | $10,841 | |
| PROFIT MARGIN | $20,859 | |
| PROFIT MARGIN (%) | 6% | |



# DIRECTORS

### NON-EXECUTIVE DIRECTORS

**Raúl LICAUSI** – Chairman; BSC Hons Foreign Affairs; Post Graduate Diploma Human Rights

**HILROY R HUMPHREYS**, Managing Director GCS Bottling; Former Member of Parliament and Senior Government Minister,

**ALBERTO WAYNE MARTIN**, BSc (Hons.) Civil Engineering; Certified Appraiser.

**MARIA ANDREINA COLMENARES**, MBA, BSc., LLB

**ABENA ST. LUCE**, BSc Architecture

**MARIA VANESSA BROWNE**, BSc (Hons.), LLB (Hons.), LPC

**WEIQIAN XU**, BSc Polymer Materials

**LAN YU**, BSc (Psych and Econ.)

# EXECUTIVE OFFICERS

**CHIEF EXECUTIVE OFFICER**

GREGORY F GEORGES

*Chartered Accountant ; B.B.A. (Econ, Finance, Accounting)*

**CHIEF FINANCIAL OFFICER AND CORPORATE SECRETARY**

CARLTON BRAMBLE

*CPA; CGA; Chartered Governance Professional; Chartered Secretary; B.Sc. (Econ. & Acctng)*

**CHIEF OPERATIONS OFFICER**

SHARON THOMAS

*MBA; B.Sc. Engineering*

**CHIEF HUMAN RESOURCES OFFICER**

MARLENE BAILEY

*SHRL; MBA; SHRM; BBA*

# MANAGEMENT

**CHIEF ACCOUNTANT**

ALANNA JOSEPH

*CPA; B.A. Accounting; A.S. Business Management*

**TERMINAL MANAGER**

MALLON JOSEPH

*Terminal Operation & Facilities Management Professional; International Port Security Program IPS, USCG.; Comprehensive Safety Training Groupe Prevac; Effective Management & Leadership*

**MANAGER OF DECISION SUPPORT**

JANINE MARTINEZ

*Member of Chartered Certified Accountants of England & Wales; Harvard Business School - Credential of readiness certificate in Business Analytics, Economics for Managers and Financial Accounting*

**SENIOR PROJECT ENGINEER**

RONNIE SINGH

*Bachelor of Science (B. Sc.) Engineering; Project Management Professional (PMP) Certification; Facilities Management & Strategic Facility Management Professional*

# MANAGEMENT CONT'D

**MANAGER OF INFORMATION TECHNOLOGY**

### SHEMRICK RODNEY

*(BSc.) in Computer Science and Accounting; Certified Information Systems Auditor (CISA), (ISACA); Certified Information Security Manager (CISM); Project Management Professional (PMP)*

**COUNTRY MANAGER AT WIOC DOMINICA**

### CEDRIC SOOKHOO SNR.

*Bachelor of Business Administration (BBA) w. Finance; Postgraduate diploma (PG Dip) in Business Administration*

**BRAND & COMMERCIAL MANAGER**

### LEVOR HENRY

*M.A. Organizational Communication; B.A. Communication; Certified Change Management Practitioner (CCMP); Scrum Alliance - Certified Scrum Product Owner (CSPO)*

**MANAGER OF HEALTH, ENVIRONMENT, AND SAFETY**

### NEVILLE ALLEYNE

*Safety & Risk Reduction Specialist; HSE Management Systems (HSEMS) Project Management; Certified Professional in Management & Production*

# RISK MANAGEMENT REPORT

Risk management policies are implemented by the Board of Directors and Executive Management. The risks are broadly categorized as operational and financial risk. The Board oversees and provides strategic direction to the Executive in the execution of risk management. The Chief Executive Officer has overall responsibility for the implementation of risk management policies with delegation of primary responsibility for financial risks to the Chief Financial Officer and operational risks to the Chief Operations Officer and the Chief Human Resources Officer. The Executive team, and other senior managers meet regularly to plan the execution and monitor the implementation of various policies approved by the Board for managing and mitigating the operational and financial risks.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, and it also assesses financial and control risks. Risk management policies are established to identify and analyze the risks faced, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

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

## KEY INITIATIVES

The management strategy to ensure the above risks are mitigated and controlled at levels that satisfy acceptable industry standards include, but are not limited, to the following key initiatives:

1. Review and implementation of risk mitigating policies by the Board of Directors and Executive Management.
2. Development and implementation of processes and procedures that comply with industry standards for operational excellence.
3. Rigorous enforcement of permits to work, training for staff and third-party contractors, and vetting for all activities that meet the risk threshold for authorization with a permit to work.
4. Training of staff, third party contractors, clients, and customers in best practices for conducting activities safely, and with operational excellence.
5. Coordinate with insurance providers to ensure its policy coverage is optimal and accessing expert advice for improving its risk management processes.
6. The insurance provider to ensure its policy coverage is optimal and accessing expert advice for improving its risk management processes.
7. Capital investment and funding programs to improve the quality of the operational assets and protective equipment.
8. Membership in the International Oil Spill Response cooperative which provides rapid response support in the form of equipment and technical expertise to members who have experienced a significant marine oil spill.
9. Proactive scheduling of testing and inspections of safety critical equipment to include pipelines, hoses, pumps, and the like.
10. The conduct of drills and exercises that prepare staff and contractors for all emergencies likely to be encountered in our operations and intended to minimize consequences.
11. Health, safety, security, and environmental audits performed by our third-party customers.
12. Affiliation with International Best Practice organizations such as Tank Terminals, NFPA and Platts.

## OPERATIONAL RISKS

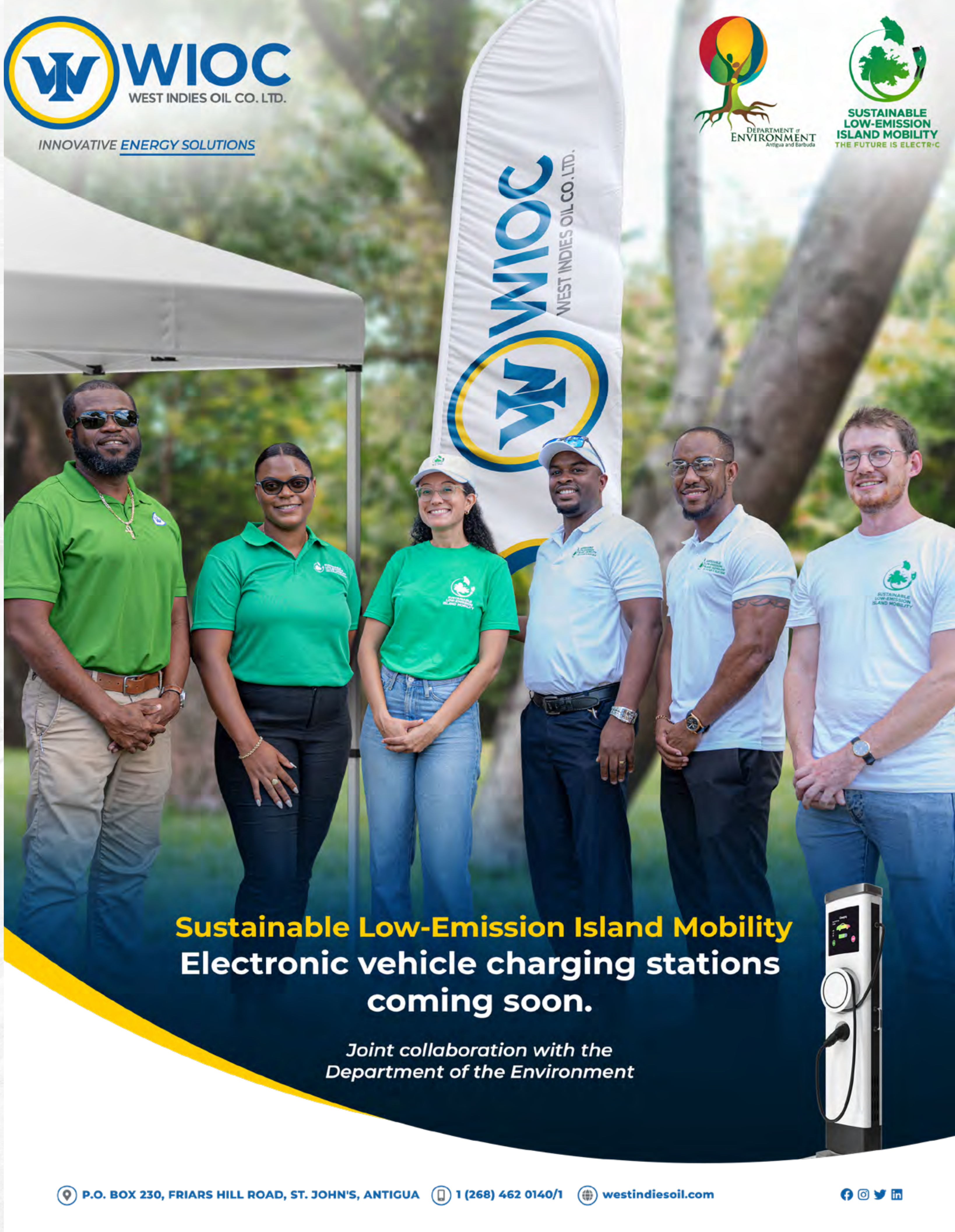
Operational risks are reviewed weekly by a cross-functional team and progress on action items and remedial plans documented. In addition, a Key Performance Indicator (KPI) dashboard of actual performance for several operational and health and safety standards are maintained for the purpose of monitoring progress towards the goals of operational and health, safety, and environmental excellence.

The operational risk mitigation procedures are supported by insurance policies covering all aspects of operations, property, plant, and equipment as well as business interruption. The company is currently engaged in a comprehensive risk mitigation programme with its insurers and reinsurers, which involves improvements to its operating procedures and standards, acquisition of additional plant and equipment for risk mitigation and timely response to incidents.

## FINANCIAL RISKS

The financial risks are managed by the Board of directors primarily through its finance committee. The Chief Executive Officer and Chief Financial Officer report to the finance committee and the entire Board of Directors monthly on the financial condition of the Company, the outlook for the year forward from the reporting date and performance in comparison to prior year and current year's budget. The Board reviews and approves the five-year strategic plan of the Company and monitors Executive actions taken to mitigate risks to the achievement of goals set out in the plan.

It is the Company's policy to maintain a strong capital base to sustain future development of the business. The Board of Directors monitors the return on capital employed, which the Company defines as total assets minus current liabilities. The Company is not subject to externally imposed capital requirements and there have been no recent changes in the Company's approach to capital management.



# WIOC: ENERGIZING OUR COMMUNITY COMMITMENT

West Indies Oil Company has been powering the economies in the markets we operate, providing a platform of development, buttressed by our commitment to excellence and efficiency. This has redounded to the benefit of our shareholders and has catapulted our company to the forefront of quality and innovation. Our growth as a company is not only fueled by business success, but by our unwavering commitment to developing the communities in which we operate. WIOC has a vested interest in seeing communities and institutions thrive, as we ourselves grow.

Our commitment to this is clearly evident in our record of performance; our company has literally put its money where its mouth is with our enviable record on initiatives which demonstrate our corporate social responsibility. This has been a defining feature of our growth and evolution as a company, and even more so in recent years.

### WIOC ENSURES SAFETY AT ARG BY HELPING TO FUND DEMOLITION OF DECREPIT STAND

Safety is at the core of what we do at WIOC and this also translates into the ethos of our initiatives as a responsible corporate citizen. This safety focus was evident in our contribution of approximately XCD$300,000.00 for the demolition of the WIOC Double-Decker Stand at the iconic Antigua Recreation Grounds. Our name was synonymous with the stand and as it showed its wear over the decades, we ensured we eliminated the health safety hazards it posed.

Our Chief Executive Officer, Mr Gregory Georges donned his hard-hat on June 13, 2022 to see firsthand the start of work to demolish the stand. Creative Industries Minister, Hon. Daryll Matthew

and Managing Director of Hanka Construction, Jamilla Hodge were also on hand. The authorities had taken the decision to have the stand dismantled and a nation welcomed the lead role WIOC played in getting the task completed. The materials have since been stored to be repurposed as seating at another of the country's sporting facilities.

The Double-Decker Stand had been the backdrop for some of the country's most treasured moments

in sports and culture, as it was pictured in many a priceless memory during cricket and carnival. WIOC gave back out of a sense of duty and service!

### WIOC – KEEPING THE SWEET STRAINS OF STEEL PAN MUSIC ALIVE!

Our commitment to culture and its delightful art forms are based on our enduring belief that culture must be sustained for succeeding generations, because they part of our psyche and identity. We have risen to the occasion through our support and sponsorship of the WIOC Gemonites Steel Orchestra. This commitment has lasted 40 years, engendering the development of the orchestra for over a generation. This support has been critical to their participation in Panorama during Antigua's annual Carnival festivities and to the Moods of Pan celebration.

### WIOC SUPPORTS THE DEVELOPMENT OF YOUTH AND CULTURE THROUGH PAGEANTRY

WIOC was proud to have sponsored one of the 'Enchanted Seven' for the Queen of Carnival competition during Antigua's Carnival, demonstrating yet again our commitment to the development of our youth and culture. The beautiful and talented Thyana Kai Sebastian wore the sash of West Indies Oil Company during the competition and proved to be a true ambassador of WIOC's values. Our company invested in Thyana's participation and self-development with a donation of XCD$30,000.00 to the carnival committee to defray her expenses.

### WICO OILERS TOUCH HEARTS THROUGH ACTS OF ALTRUISM

WIOC's corporate social responsibility is driven by the amazing and talented cadre of professionals who comprise our workforce. It is why WIOC's charity and social outreach club, WIOC Oilers has already made an indelible mark on our communities. We are immensely proud of the impact the group has had in both fostering employee engagement and raising funds to assist the most vulnerable. They have given gifts that keep on giving, through empowerment initiatives.

WIOC Oilers' donation of XCD$5000 to the Soup Kitchen, has been one of their most impactful to date. The Soup Kitchen is an initiative which provides warm meals to the less fortunate; our staff have not only provided the funding, but the time spent sharing themselves with the beneficiaries was priceless.

WIOC Oilers have also provided a financial boost to the Social Transformation Ministry's Social Protection Fund. Their donation of XCD$5,000.00 ensured scores of beneficiaries have benefitted by receiving food vouchers.

### A FUTURE OF CORPORATE SOCIAL RESPONSIBILITY

Our rise as a company has been impressive, especially in the last seven years. The results demonstrate an expanding, agile organization. Focused employees, strategic capital investment, exemplary customer service, best-in-class products and cutting-edge innovation; these define what we do. However, while we grow, we will ensure the people in our communities always benefit from our strategic, targeted interventions. We see it as our duty to support an improvement in the social, economic and cultural vitality of the communities in which we operate. We are not only powering the economies in our markets, but we are bringing some of that same energy to fueling social and cultural progress.

# SECURITY & SAFETY

West Indies Oil Company [WIOC] prides itself on its ability to operate within international guidelines to ensure that quality, safety, and security requirements are met.

### INTERNATIONAL CERTIFICATIONS

In partnership with Antigua and Barbuda Department of Marine Services (ADOMS), WIOC, in its effort to ensure optimal operations, has been awarded international certifications that certify the company's ability to serve stakeholders in line with international standards.

ISPS Code

**International Ship and Port Security (ISPS) 2022:** The ISPS Code provides a framework through which ships and port facilities can co-operate to detect and deter acts which pose a threat to maritime security. The Code enables the detection and deterrence of security threats within an international framework and establishes roles and responsibilities.

WIOC was awarded the ISPS certification in 2022 and is currently certified at Level 1. As a part of the ISPS certification, WIOC conducted staff re-training in conjunction with the Antigua & Barbuda Coast Guard.

**WIOC underwent training exercises in June 2022 to include areas such as:**

- Oil Spill & Boom Deployment & Handling
- ISPS Security Training

*Oil Spill Training in collaboration with Antigua & Barbuda Marine Services and WIOC.*

*Boom deployment demonstration of the anchor mooring system*

*Actual Boom deployment in collaboration with the Antigua & Barbuda Coast Guard.*

## INNOTECH CERTIFICATION

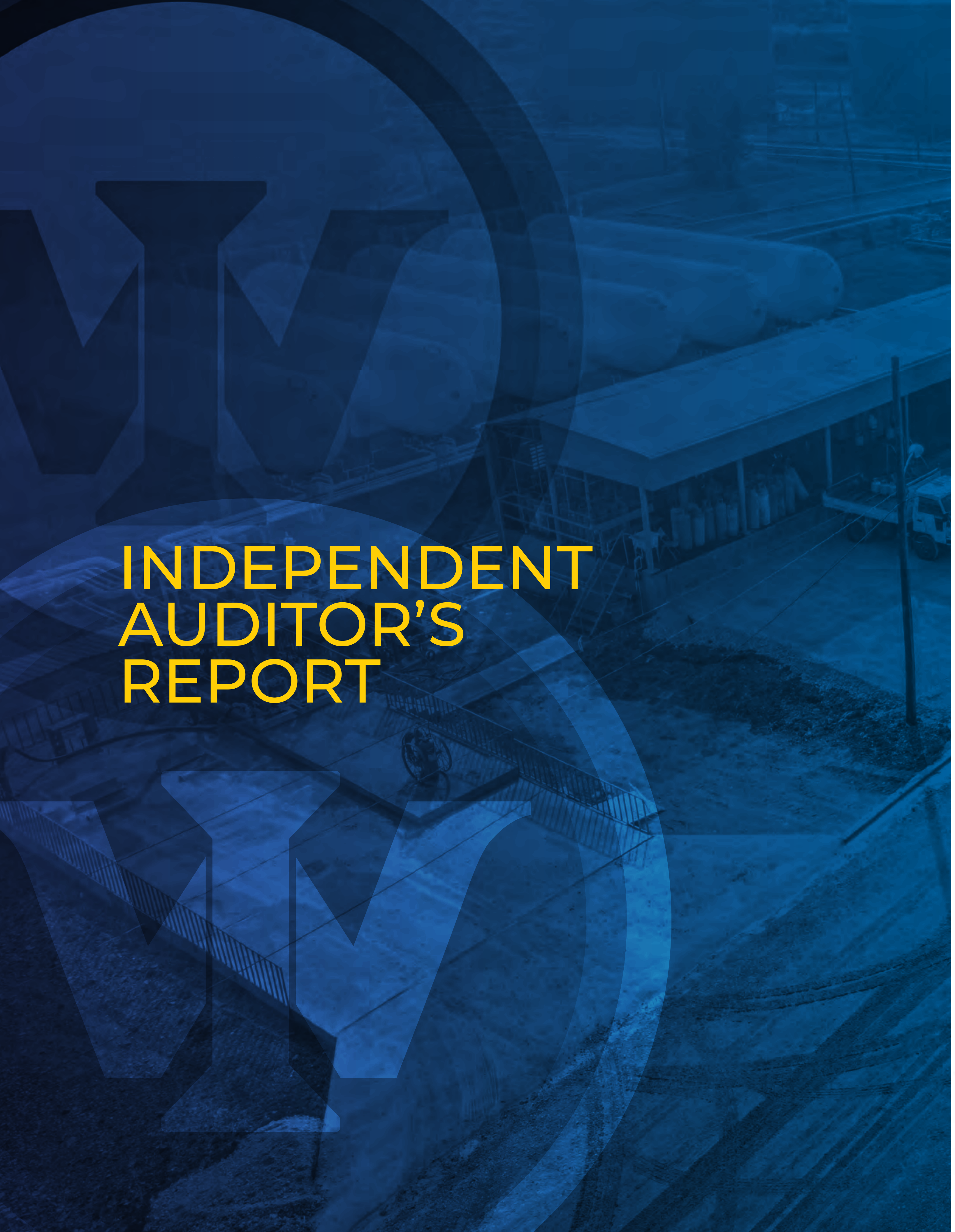
In 2022, staff at WIOC's Laboratory participated in INNOTECH IQAEP (International Quality Assurance Exchange Program). This program certifies WIOC for fuel retesting and recertification.

## CPR TRAINING

WIOC underwent CPR Training in December 2022 – January 2023 as a part of industry best practices. Personnel from several departments were engaged in the training and awarded certifications to provide first response within their respective departments. Departments such as Information Technology, Finance, Laboratory, Engineering, Fire and Safety, and Terminal Operations participated. Training was conducted by the Antigua & Barbuda Emergency Medical Services.

WIOC continues to commit to continually improving its operations through International, regional and local assessments in order to ensure that it continues to operate consistently within international standards. The assessment and certification awarded evaluate Antigua and Barbuda, a process in which WIOC is proud to play a very significant role.

*CPR TRAINING with members of the WIOC Team conducted in December 2022 – Jan 2023.*



# INDEPENDENT AUDITOR'S REPORT

BDO

Tel: 268-462-8868
268-462-8869
268-462-8992
Fax: 268-462-8808

Cnr. Factory Road and Carnival Gardens
P.O. Box 3109
St. John's
Antigua

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the consolidated financial statements of The West Indies Oil Company Limited ("the Company"), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of profit and other comprehensive income, the statement of changes in equity and the statement cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Determination of expected credit losses<br><br>• The evaluation of impairment of receivables and credit losses on other financial assets is an expected credit loss ("ECL") model under IFRS 9, *Financial Instruments*. This model requires significantly greater management judgment and incorporation of forward-looking information. | For IFRS 9, *Financial Instruments* we performed the following:<br><br>• Evaluated the model and assumptions developed by the Company in order to estimate ECLs, and assessed their compliance with the requirements of IFRS 9 |

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

**Key Audit Matters** *(cont'd)*

| **Key audit matter** | **How our audit addressed the key audit matter** |
|---|---|
| Determination of expected credit losses<br><br>• The estimation of ECLs is inherently uncertain and requires the application of judgment and use of subjective assumptions by management. Furthermore, models used to determine credit impairment are complex, and certain inputs used are not fully observable.<br><br>• IFRS 9 requires the Company to record an allowance for ECLs for all receivables from trade and other receivables to other financial assets not held at fair value through profit and loss. | For IFRS 9, *Financial Instruments* we performed the following:<br><br>• Tested the completeness and accuracy of input data to the model used to determine the ECLs. We assessed the reasonableness of the methodologies and assumptions applied in determining underlying the underline model. We assessed external source data and assumptions, particularly with respect to forward looking information (FLI).<br><br>• Checked the calculations of the resulting loss rate.<br><br>• Assessed the adequacy of disclosures in the consolidated financial statements. |

**Other Information included in the Company's 2022 Annual Report**

Management is responsible for the other information. Other information consists of the information included in the company's Annual Report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the non-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 non-consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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



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

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITORS' REPORT**

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

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

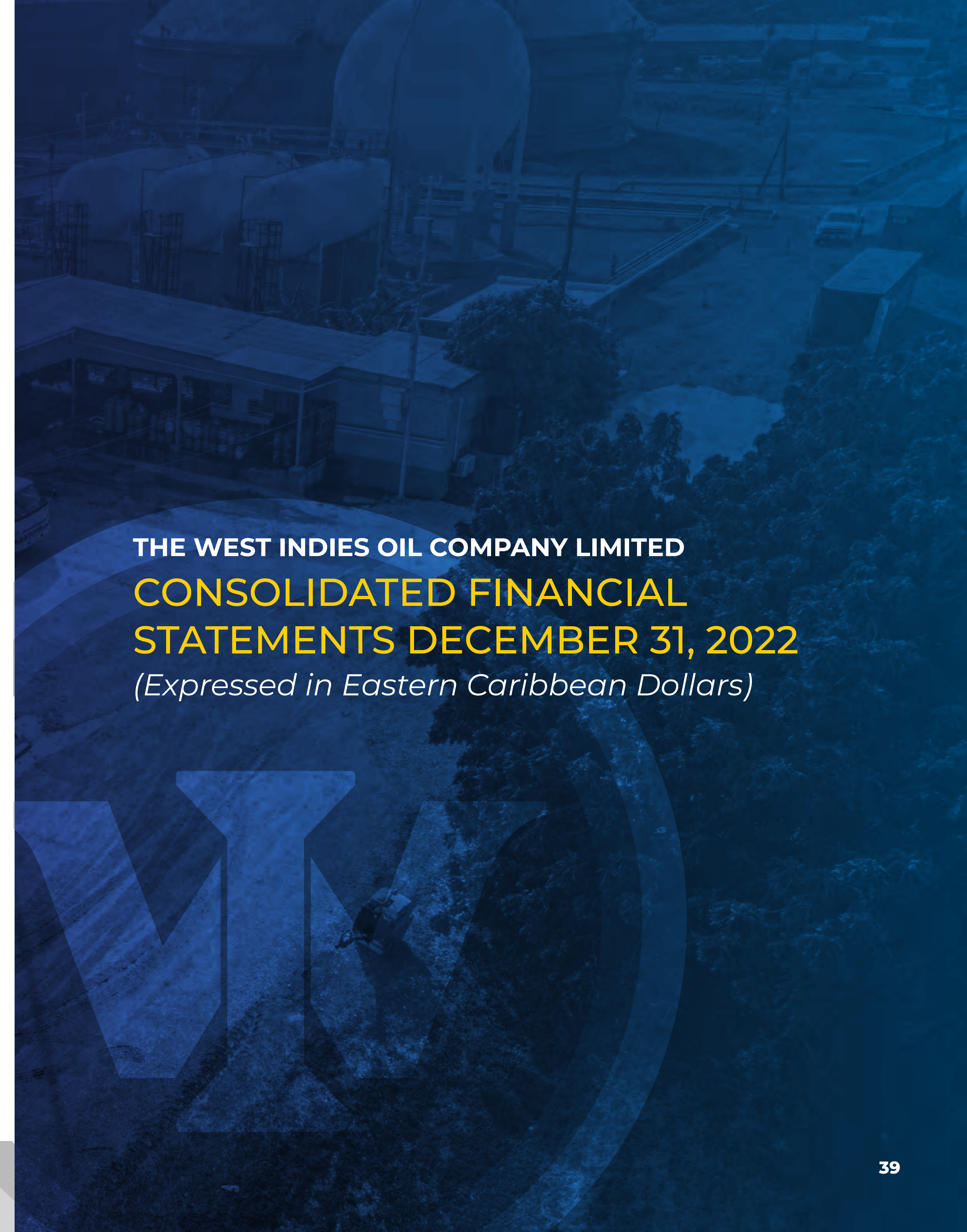
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the non consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner in charge of the audit resulting in the Independent Auditor's Report is Ms. Raquel Glynn.

BDO

Chartered Accountants
May 12, 2023

Antigua and Barbuda



**THE WEST INDIES OIL COMPANY LIMITED**

# CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

*(Expressed in Eastern Caribbean Dollars)*

THE WEST INDIES OIL COMPANY LIMITED

Consolidated Statement of Financial Position

December 31, 2022

*(Expressed in Eastern Caribbean Dollars)*

| | Notes | | 2022 | 2021 |
|---|---|---|---|---|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | | $ | 46,625,706 | 64,548,040 |
| Trade and other receivables | 6 | | 111,514,825 | 95,125,117 |
| Tax receivable | 19 | | - | 1,147,340 |
| Inventories | 7 | | 21,242,693 | 13,499,938 |
| Current portion of loan receivable | | | - | 105,573 |
| Deferred charges | | | 857,619 | 421,950 |
| Total Current Assets | | | 180,240,843 | 174,847,958 |
| Non-Current Assets | | | | |
| Property held for development and sale | 9 | | 9,148,000 | 9,148,000 |
| Investment property | 10 | | 10,515,000 | 10,515,000 |
| Property, plant, and equipment | 11 | | 231,556,838 | 224,745,298 |
| Investment in debt security | 23 | | 5,000,000 | - |
| Deferred tax asset | | | 50,256 | 50,256 |
| Total Non-Current Assets | | | 256,270,094 | 244,458,554 |
| Total Assets | | | 436,510,937 | 419,306,512 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Trade and other payables | 12 | | 145,074,653 | 109,296,824 |
| Tax payable | 19 | | 1,114,398 | - |
| Current portion of long-term loan | 13 | | 11,973,070 | 28,522,701 |
| Total Current Liabilities | | | 158,162,121 | 137,819,525 |
| Non-Current Liabilities | | | | |
| Long term loan | 13 | | 11,812,500 | 23,512,500 |
| Deferred tax liability | 19 | | 5,264,805 | 4,251,459 |
| Total Non-Current Liabilities | | | 17,077,305 | 27,763,959 |
| Total Liabilities | | | 175,239,426 | 165,583,484 |
| Shareholders' Equity | | | | |
| Share capital | 14 | | 14,800 | 14,800 |
| Contributed surplus | 15 | | 128,889,407 | 128,889,407 |
| Revaluation surplus | 16 | | 69,708,680 | 69,708,680 |
| Accumulated surplus | | | 69,476,124 | 61,927,641 |
| Treasury shares | | | (6,817,500) | (6,817,500) |
| Total Shareholders' Equity | | | 261,271,511 | 253,723,028 |
| Total Liabilities and Shareholders' Equity | | $ | 436,510,937 | 419,306,512 |

Approved by the Board of Directors on May 12, 2023

Director ......................... Director .........................

*The accompanying notes are an integral part of these financial statements.*

**THE WEST INDIES OIL COMPANY LIMITED**

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2022

***(Expressed in Eastern Caribbean Dollars)***

| | Notes | | 2022 | 2021 |
|---|---|---|---|---|
| **Sales** | | $ | 489,916,514 | 332,196,377 |
| **Cost of sales** | | | (434,587,857) | (289,082,415) |
| **Gross profit** | | | 55,328,657 | 43,113,962 |
| **Other operating income** | 17 | | 31,811,088 | 29,615,789 |
| **Net sales and other operating income** | | | 87,139,745 | 72,729,751 |
| **Operating expenses** | | | | |
| Remeasurement gain on liability | | | - | 217,043 |
| Bad debt recovery | | | 9,500 | 28,100 |
| Selling, general and administrative expenses | 18 | | (43,167,896) | (38,313,474) |
| Depreciation on property, plant and equipment | 11 | | (8,109,585) | (7,772,685) |
| Expected credit loss | 6 | | (1,347,084) | (694,861) |
| Other expenses | | | (851,731) | (94,668) |
| | | | (53,466,796) | (46,630,545) |
| **Net operating income** | | | 33,672,949 | 26,099,206 |
| **Finance cost** | | | | |
| Interest income | | | 42,431 | 61,968 |
| Interest expense | | | (1,493,035) | (1,902,108) |
| | | | (1,450,604) | (1,840,140) |
| **Net income before taxation** | | | 32,222,345 | 24,259,066 |
| **Taxation** | | | | |
| Corporation tax | 19 | | (7,255,853) | (4,244,007) |
| Withholding tax | 19 | | (18,000) | (18,000) |
| Deferred tax | 19 | | (1,013,346) | (1,562,691) |
| | | | (8,287,199) | (5,824,698) |
| **Net income for the year** | | | 23,935,146 | 18,434,368 |
| Special tax on net income | 19 | | (4,505,885) | - |
| **Total comprehensive income for the year** | | $ | 19,429,261 | 18,434,368 |
| **Earnings per share** | 22 | | 3.35 | 3.17 |

*The accompanying notes are an integral part of these financial statements.*

**THE WEST INDIES OIL COMPANY LIMITED**

Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2022

*(Expressed in Eastern Caribbean Dollars)*

| | Notes | Share Capital | Contributed Surplus | Revaluation Surplus | Accumulated Surplus | Treasury Shares | Total |
|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2020** | | $ 14,800 | 128,889,407 | 69,708,680 | 50,766,502 | - | 249,379,389 |
| Total comprehensive income for the year | | - | - | - | 18,434,368 | - | 18,434,368 |
| Acquisition of treasury shares | 14 | - | - | - | - | (6,817,500) | (6,817,500) |
| Dividends declared | 20 | - | - | - | (7,273,229) | - | (7,273,229) |
| **Balance at December 31, 2021** | | 14,800 | 128,889,407 | 69,708,680 | 61,927,641 | (6,817,500) | 253,723,028 |
| Total comprehensive income for the year | | - | - | - | 19,429,261 | - | 19,429,261 |
| Dividends declared | 20 | - | - | - | (11,880,778) | - | (11,880,778) |
| **Balance at December 31, 2022** | | $ 14,800 | 128,889,407 | 69,708,680 | 69,476,124 | (6,817,500) | 261,271,511 |

*The accompanying notes are an integral part of these financial statements.*

**THE WEST INDIES OIL COMPANY LIMITED**

Consolidated Statement of Cash Flows

Year ended December 31, 2022

*(Expressed in Eastern Caribbean Dollars)*

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net income before taxation | | $ 32,222,345 | 24,259,066 |
| **Adjustments for:** | | | |
| Depreciation on property, plant and equipment | 11 | 8,109,585 | 7,772,685 |
| Provision for contingencies and claims | | 851,731 | 94,668 |
| Bad debt recovery | | (9,500) | (28,100) |
| Remeasurement gain on liability | | - | (217,043) |
| Expected credit loss | | 1,347,084 | 694,861 |
| Write down of consumables | | 52,050 | - |
| Loss/(gain) on disposal of assets | | (100,919) | 152,400 |
| Interest expense | | 1,493,035 | 1,902,108 |
| **Operating income before changes in working capital** | | 43,965,411 | 34,630,645 |
| Change in trade and other receivables | | (17,727,292) | (7,091,351) |
| Change in inventories | | (7,794,805) | 4,183,436 |
| Change in trade and other payables | | 32,055,562 | 32,396,791 |
| Change in deferred charges | | (435,669) | (51,852) |
| Change in loan receivable | | 105,573 | 99,955 |
| | | 50,168,780 | 64,167,624 |
| Taxes paid | 19 | (9,518,000) | (8,400,000) |
| **Net cash provided by operating activities** | | 40,650,780 | 55,767,624 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (15,030,621) | (18,991,528) |
| Proceeds from disposal of property, plant and equipment | | 210,415 | 18,458 |
| Investment in debt securities | 23 | (5,000,000) | - |
| **Net cash used in investing activities** | | (19,820,206) | (18,973,070) |
| **Cash flows from financing activities** | | | |
| Interest paid | | (1,842,666) | (1,604,794) |
| Dividends paid | 20 | (9,010,242) | (19,445,942) |
| Repayment of long-term loan | 13 | (27,900,000) | (9,675,000) |
| Acquisition of treasury shares | 14 | - | (6,817,500) |
| Proceeds from long-term loan | 13 | - | 32,400,000 |
| **Net cash used in financing activities** | | (38,752,908) | (5,143,236) |
| **Increase/(decrease) in cash and cash equivalents during the year** | | (17,922,334) | 31,651,318 |
| **Cash and cash equivalents, beginning of year** | | 64,548,040 | 32,896,722 |
| **Cash and cash equivalents, end of year** | | $ 46,625,706 | 64,548,040 |
| **Represented by:** | | | |
| Cash on hand and at bank | | $ 46,625,706 | 64,548,040 |

*The accompanying notes are an integral part of these financial statements.*

*(Expressed in Eastern Caribbean Dollars)*

1. **Reporting Entity**:

The West Indies Oil Company Limited (the "Company") was incorporated on March 24, 1961, under the Laws of Antigua and Barbuda with registered offices at Friars Hill Road, St. John's, Antigua. The principal activity of the Company is the storage and distribution of petroleum products and related ancillary activities including laboratory attestation services and marine vessel agency. It also engages in real estate development.

The Company launched an initial purchase offer (IPO) from March 24, 2021, to May 21, 2021, wherein the Government of Antigua (then the sole controlling shareholder) offered 301,920 of its shares held in the Company to the public. Following the IPO, the company became a reporting issuer to the Eastern Caribbean Securities Regulatory Commission (ECSRC) with an additional six hundred and seventy-one (671) shareholder accounts.

On July 7th, 2022, the Company formally completed the process of listing on the Eastern Caribbean Securities Exchange (ECSE). The Company trades on the Exchange with the "WIOC" ticker symbol.

2. **Basis of Preparation**:

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

These consolidated financial statements were approved by the Board of Directors on May 12, 2023.

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

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

Intercompany transactions balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an important indicator of the assets transferred.

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



*(Expressed in Eastern Caribbean Dollars)*

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

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending December 31, 2022 is included in the following notes:

- Note 3(f) – estimated useful life of property, plant and equipment;
- Notes 3(b) and 3(g) – Impairment of financial assets
- Note 24 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources: and
- Note 4 – determination of fair values.

*(f)* *New standards, interpretations and amendments adopted from January 1, 2022:*

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

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

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after January 1, 2022. See the applicable notes for further details on how the amendments affected the Company.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

***(Expressed in Eastern Caribbean Dollars)***

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

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

The Company, subsequent to the application of the amendments, did not have any onerous contracts.

*Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)*
The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

These amendments had no impact on the year-end consolidated financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 & IAS 41)
- IFRS 1: Subsidiary as a First-time Adopter (FTA)
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities
- IAS 41: Taxation in Fair Value Measurements

*References to Conceptual Framework (Amendments to IFRS 3)*
In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

*(f)* *New standards, amendments to standards and interpretations issued but not yet effective during the year:*
There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning January 1, 2023:
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

THE WEST INDIES OIL COMPANY LIMITED

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

December 31, 2022

***(Expressed in Eastern Caribbean Dollars)***

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

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

The following amendments are effective for the period beginning January 1, 2024:
- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

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

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

The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after January 1, 2023.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a Tentative Agenda Decision, analyzing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalize the agenda decision and referred the matter to the IASB. In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year.

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

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

*(a)* *Financial Instruments:*
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loan receivable and trade and other payables.

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

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

*(a) Financial Instruments: (cont'd)*

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

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

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

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

*(b) Financial Assets:*

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

*Amortised cost*

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

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

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



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

*(b) Financial Assets: (cont'd)*

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

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

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

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

*(c) Financial Liabilities*

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

- Fair value through profit or loss
- Other financial liabilities

Fair value through profit or loss

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

Other financial liabilities

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

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

*(d) Trade Receivables:*

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

*(Expressed in Eastern Caribbean Dollars)*

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

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

*(f)* *Property, Plant and Equipment:*

*i.* *Recognition and Measurement:*
Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

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

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

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

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

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

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

**THE WEST INDIES OIL COMPANY LIMITED**

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

December 31, 2022

*(Expressed in Eastern Caribbean Dollars)*

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

In relation to the impairment of financial assets, IFRS requires the use of a forward-looking expected credit loss ("ECL") approach. The ECL allowance is based on the credit losses expected to arise over the life of the asset unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The Group's financial assets mainly comprise of trade and other receivables and financial assets at amortised cost. As permitted by IFRS 9, the Group has elected to select an accounting policy which recognises full lifetime expected credit losses for trade receivables.

A practical expedient method, in the form of a provision matrix, was applied for trade receivables based on customer categories, historical credit loss experiences and future economic expectations. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The information about the ECLs on the Group's trade receivables is disclosed in Note 5. For all other receivables that possess varying default occurrences, the ECL was determined based on probability-weighted default outcomes, past events, current conditions and forward-looking information.

The key elements of the ECL calculations are outlined below:

(a) Probability of Default: This measures the instances of customer defaults over a period
(b) Loss Given Default: This represents amounts never collected or amounts written off once a customer defaults.
(c) Exposure at Default: This represents the outstanding amounts collectible at default.

Forward-looking information: In its ECL models, the Group relied on the following economic inputs: GDP growth and unemployment rates (2021 - GDP growth, and unemployment rates).

The carrying amount of the Group's non financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit and other comprehensive income.

*(Expressed in Eastern Caribbean Dollars)*

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

*(g)* *Investment Property:*

Property held for rental and not occupied by the Company is classified as investment property. Investment property is comprised of warehouses and service stations and is carried using the fair value model.

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

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

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

*(h)* *Revenue Recognition:*

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

*Performance obligations and timing of revenue recognition*

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

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

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

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

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



*(Expressed in Eastern Caribbean Dollars)*

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

*(i)* *Practical Exemptions:*

The Group has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

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

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

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

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

*(j)* *Property Held for Development and Sale:*

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value (NRV).

Principally, this is residential property that the Company develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for development
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

***(Expressed in Eastern Caribbean Dollars)***

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

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

Included in cash and cash equivalents are several current accounts in the amount of EC$37,829,501 (2021: EC$57,371,666).

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

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

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

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

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

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

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

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

THE WEST INDIES OIL COMPANY LIMITED

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

December 31, 2022

***(Expressed in Eastern Caribbean Dollars)***

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

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

*(q)* *Leases*
*Group as a lessee:*
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

*Group as a lessor:*
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

For other leases where future operations are doubtful or have a duration of less than twelve (12) months, The Group has elected to continue to expense these lease payments.

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

*(s)* *Employee Benefits:*
The Company recognizes a liability, net of amounts already paid and an expense for services rendered by employees during the period. Employee benefits given by the Company to its employees include salaries and wages, social security contributions, bonuses, and non-monetary benefits.

For the defined contribution plan operated by the Company, the Company pays contributions to a privately administered fund on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due.

*(Expressed in Eastern Caribbean Dollars)*

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

*(t)* *Retained earnings:*

Retained earnings include all current and prior period results of operations of the Company as disclosed in the statement of profit and other comprehensive income and statement of changes in equity.

*(u)* *Costs and Expenses:*
The financial statements are prepared on the accrual basis of accounting. Under this basis, costs and expenses are recognized when incurred and are reported in the financial statements in the periods to which they relate. Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be reliably measured. These are recognized on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset. Cost of goods sold are expenses incurred that are associated with the goods sold. Administrative expenses are costs attributable to the administrative and other business activities of the Company.

4. **Determination of Fair Values**:

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

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

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

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

THE WEST INDIES OIL COMPANY LIMITED

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

December 31, 2022

*(Expressed in Eastern Caribbean Dollars)*

4. **Determination of Fair Values**: *(cont'd)*

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

The Group's fair value hierarchy is detailed at note 5(d).

5. **Financial Risk Management**:

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

Credit Risk
Liquidity Risk
Market Risk

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

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

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

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

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

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

*(Expressed in Eastern Caribbean Dollars)*

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

(a) *Credit Risk*: *(cont'd)*

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

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

| | | 2022 | 2021 |
|---|---|---|---|
| Trade and other receivables | $ | 93,328,117 | 81,116,471 |
| Cash and cash equivalents | | 46,625,706 | 64,548,040 |
| | $ | 139,953,823 | 145,664,511 |

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

Trade receivables
The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of twelve (12) months before January 1, 2022, and the corresponding historical credit losses experienced within this period. The 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 WEST INDIES OIL COMPANY LIMITED

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

December 31, 2022

*(Expressed in Eastern Caribbean Dollars)*

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

(a) *Credit Risk*: *(cont'd)*

The Group has identified the gross domestic product and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

| 2022 | | Current | Up to 30 days | 31 to 60 days | 61 to 90 days | Over 91 days | Total |
|---|---|---|---|---|---|---|---|
| Estimated Credit Loss % | | 0.49% | 1.50% | 2.78% | 5.36% | 13.09% | 2.93% |
| Estimated total gross carrying amount | $ | 71,521,359 | 2,524,853 | 391,366 | 2,626,933 | 16,854,791 | 93,919,302 |
| Estimated credit loss | $ | 353,729 | 37,882 | 10,881 | 140,749 | 2,206,690 | 2,749,931 |

| 2021 | | Current | Up to 30 days | 31 to 60 days | 61 to 90 days | Over 91 days | Total |
|---|---|---|---|---|---|---|---|
| Estimated Credit Loss % | | 0.71% | 6.29% | 2.20% | 9.74% | 3.58% | 1.74% |
| Estimated total gross carrying amount | $ | 57,057,892 | 3,974,936 | 4,809,979 | 1,563,044 | 13,995,010 | 81,400,861 |
| Estimated credit loss | $ | 403,878 | 250,151 | 105,749 | 152,238 | 500,331 | 1,412,347 |

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

**THE WEST INDIES OIL COMPANY LIMITED**

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

December 31, 2021

***(Expressed in Eastern Caribbean Dollars)***

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

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

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

| | | 2021 | | | |
|---|---|---|---|---|---|
| | | **Carrying Amounts** | **Contractual Cash Flows** | **Up to One Year** | **More than 1 Year** |
| **Assets** | | | | | |
| Cash and cash equivalents | $ | 64,548,040 | 64,548,040 | 64,548,040 | - |
| Trade and other receivables | | 81,116,471 | 81,116,471 | 81,116,471 | - |
| Loan receivables | | 105,573 | 105,573 | 105,573 | - |
| | | 145,770,084 | 145,770,084 | 145,770,084 | - |
| **Liabilities** | | | | | |
| Trade and other payables | | (108,180,458) | (108,180,458) | (108,180,458) | - |
| Long term loan | | (52,035,201) | (52,035,201) | (28,522,701) | (23,512,500) |
| | | (160,215,659) | (160,215,659) | (136,703,159) | (23,512,500) |
| **Liquidity cover** | $ | (14,445,575) | (14,445,575) | 9,066,925 | (23,512,500) |
| **Cumulative liquidity cover** | $ | (14,445,575) | (14,445,575) | 9,066,925 | (23,512,500) |

**THE WEST INDIES OIL COMPANY LIMITED**

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

December 31, 2022

***(Expressed in Eastern Caribbean Dollars)***

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

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

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

| | | 2022 | | | |
|---|---|---|---|---|---|
| | | Carrying Amounts | Contractual Cash Flows | Up to 1 Year | More than 1 Year |
| **Assets** | | | | | |
| Cash and cash equivalents | $ | 46,625,706 | 46,625,706 | 46,625,706 | - |
| Trade and other receivables | | 93,328,117 | 93,328,117 | 93,328,117 | - |
| Investment in debt security | | 5,000,000 | 5,000,000 | - | 5,000,000 |
| | | 144,953,823 | 144,953,823 | 139,953,823 | 5,000,000 |
| **Liabilities** | | | | | |
| Trade and other payables | | (145,309,786) | (145,309,786) | (145,309,786) | - |
| Long term loan | | (23,785,570) | (23,785,570) | (11,973,070) | (11,812,500) |
| | | (169,095,356) | (169,095,356) | (157,282,856) | (11,812,500) |
| **Liquidity cover** | $ | (24,141,533) | (24,141,533) | (17,329,033) | (6,812,500) |
| **Cumulative liquidity cover** | $ | (24,141,533) | (24,141,533) | (17,329,033) | (6,812,500) |

*(Expressed in Eastern Caribbean Dollars)*

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

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

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

(ii) *Interest Rate Risk:*
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest earning assets and interest bearing liabilities, which are subject to interest rate adjustments within a specified period. The Group's exposure to interest rate risk is limited as its financial assets and liabilities has fixed rates of interest.

(iii) *Currency Risk:*
Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The main currencies giving rise to this risk are the Eastern Caribbean Dollar and United States Dollar arising from purchasing transactions. The Group does not face any such risk since it transacts its operations in Eastern Caribbean Dollars, which is its functional currency. The Eastern Caribbean Dollar, in which the Group also transacts business, is fixed in relation to the United States Dollar at EC$2.70 = US$1.00 since 1976.

(d) *Fair Value Hierarchy:*
IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two (2) types of inputs have created the following fair value hierarchy:

- Level 1 Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2 Valuation techniques based on observable inputs, either directly – i.e., as prices or indirectly – i.e., derived from prices. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

THE WEST INDIES OIL COMPANY LIMITED

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

December 31, 2022

*(Expressed in Eastern Caribbean Dollars)*

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

(d) *Fair Value Hierarchy: (cont'd)*
This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

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

The following table presents the Group's assets that are measured at fair value at the reporting date:

| | Note | Level | 2022 | 2021 |
|---|---|---|---|---|
| Land | 11 | 2 | 59,764,000 | 59,764,000 |
| Investment Property | 10 | 2 | 10,515,000 | 10,515,000 |

There were no transfers between levels during the year.

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

6. **Trade and other Receivables**:

| | | 2022 | 2021 |
|---|---|---|---|
| Trade receivables | $ | 93,919,302 | 81,400,861 |
| VAT recoverable, net | | 10,167,105 | 9,030,307 |
| Prepayments | | 8,019,503 | 4,978,339 |
| Other receivables | | 2,158,846 | 1,127,957 |
| | | 114,264,756 | 96,537,464 |
| **Less**: Provision for impairment - trade and other receivables | | (2,749,931) | (1,412,347) |
| | $ | 111,514,825 | 95,125,117 |

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

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

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

| | | 2022 | 2021 |
|---|---|---|---|
| At January 1 | $ | 1,412,347 | 2,997,777 |
| Write-off | | - | (2,252,191) |
| Expected credit loss | | 1,347,084 | 694,861 |
| Bad debt recovery | | (9,500) | (28,100) |
| At December 31 | $ | 2,749,931 | 1,412,347 |

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

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

| | | 2022 | 2021 |
|---|---|---|---|
| Eastern Caribbean dollars | $ | 77,890,318 | 70,450,032 |
| United States dollars | | 33,624,507 | 24,675,085 |
| | $ | 111,514,825 | 95,125,117 |

Included in the Group's current assets and current liabilities are amounts due to a certain entity. While the Group has established a legally enforceable right to offset the amounts due and payable, it has chosen not to do so for presentation purposes. Since the amount owed is greater than the amount receivable, the balance has not been included in the IFRS 9 assessment. As a result, the receivable amount has been excluded from the Group's calculation of provision for bad debt.

7. **Inventories:**

| | | 2022 | 2021 |
|---|---|---|---|
| Fuel oil | $ | 6,698,386 | 1,595,101 |
| Mogas | | 5,487,093 | 4,397,269 |
| Diesel | | 4,145,502 | 2,801,815 |
| LPG | | 252,946 | 803,629 |
| Kerosene | | 44,713 | 12,387 |
| Other | | 43,533 | 58,106 |
| Total petroleum products | | 16,672,173 | 9,668,307 |
| Consumable stores and supplies | | 4,570,520 | 3,831,631 |
| | $ | 21,242,693 | 13,499,938 |

THE WEST INDIES OIL COMPANY LIMITED

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

December 31, 2022

*(Expressed in Eastern Caribbean Dollars)*

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

*(a)* *Related Parties:*

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

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

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

   ii) has significant influence over the reporting entity; or

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

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

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

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

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

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

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

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

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

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

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

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

***(Expressed in Eastern Caribbean Dollars)***

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

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

| | | 2022 | 2021 |
|---|---|---|---|
| Salaries and wages | $ | 1,709,480 | 1,375,528 |
| Other staff costs | | 353,080 | 334,191 |
| Pension costs | | 117,902 | 133,811 |
| | $ | 2,180,462 | 1,843,530 |

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

| | | 2022 | 2021 |
|---|---|---|---|
| Balance at beginning of year | $ | 9,148,000 | 9,148,000 |
| Balance at end of year | $ | 9,148,000 | 9,148,000 |

Land included in property held for development and sale was contributed to the Group by the Government of Antigua and Barbuda at various stages following its incorporation in1961.

The Group is involved in the development of a housing scheme at Friar's Hill Road. There has been no recent activity in relation to this development.



***(Expressed in Eastern Caribbean Dollars)***

The fair value hierarchy as defined in note 5(e) has been applied to the valuations of the Group's investment property and all fair values of these properties are designated as level 2. Reasonable changes in fair values would impact the consolidated statement of income.

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

| | | 2021 | 2020 |
|---|---|---|---|
| Rental income | $ | 271,984 | 258,144 |

Subsequent to December 31, 2022, the company's investment properties were revalued in March 2023. The revaluations resulted in an increase in fair value amounting to $1,459,000. The adjustment to the fair value of the property will be made in 2023

***(Expressed in Eastern Caribbean Dollars)***

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

| | Land | Land Improvements/ Roads | Building | Transportation | Jetty and Tank Farm | Sales Equipment | Furniture and other Equipment | Construction In Progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | | |
| **At December 31, 2020** | $ 59,921,785 | 3,719,834 | 7,913,499 | 8,949,801 | 239,341,606 | 23,669,321 | 12,900,623 | 19,406,744 | 375,823,213 |
| Additions | - | - | 22,445 | 324,246 | 8,128,406 | 1,871,790 | 363,497 | 16,695,208 | 27,405,592 |
| Impairment | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | (125,844) | - | - | (8,288,219) | (8,414,063) |
| Disposals | - | - | - | - | - | (1,148,056) | - | - | (1,148,056) |
| **At December 31, 2021** | 59,921,785 | 3,719,834 | 7,935,944 | 9,274,047 | 247,344,168 | 24,393,055 | 13,264,120 | 27,813,733 | 393,666,686 |
| Additions | | | 40,027 | 176,652 | 16,480 | 2,592,482 | 133,869 | 12,093,851 | 15,053,361 |
| Impairment | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | 403,618 | - | 1,328,708 | 776,919 | 204,346 | (2,735,938) | (22,347) |
| Disposals | - | - | - | - | - | (817,286) | | | (817,286) |
| **At December 31, 2022** | $ 59,921,785 | 3,719,834 | 8,379,589 | 9,450,699 | 248,689,356 | 26,945,170 | 13,602,335 | 37,171,646 | 407,880,414 |
| **Depreciation:** | | | | | | | | | |
| **At December 31, 2020** | $ - | (2,247,021) | (5,312,267) | (6,853,234) | (120,986,478) | (15,511,871) | (11,374,830) | - | (162,285,701) |
| Charge for the year | - | (148,793) | (139,846) | (587,939) | (5,166,369) | (1,085,182) | (644,556) | - | (7,772,685) |
| Written back on disposals | - | - | - | - | - | 1,136,998 | - | - | 1,136,998 |
| **At December 31, 2021** | - | (2,395,814) | (5,452,113) | (7,441,173) | (126,152,847) | (15,460,055) | (12,019,386) | - | (168,921,388) |
| Charge for the year | - | (148,793) | (148,835) | (496,204) | (5,557,294) | (1,258,042) | (500,417) | - | (8,109,585) |
| Written back on disposals | - | - | - | - | - | 707,397 | - | - | 707,397 |
| **At December 31, 2022** | $ 59,921,785 | (2,544,607) | (5,600,948) | (7,937,377) | (131,710,141) | (16,010,700) | (12,519,803) | - | (176,323,576) |
| **Net Book Value:** | | | | | | | | | |
| **At December 31, 2022** | $ 59,921,785 | 1,175,227 | 2,778,641 | 1,513,322 | 116,979,215 | 10,934,470 | 1,082,532 | 37,171,646 | 231,556,838 |
| **At December 31, 2021** | $ 59,921,785 | 1,324,020 | 2,483,831 | 1,832,874 | 121,191,321 | 8,933,000 | 1,244,734 | 27,813,733 | 224,745,298 |



***(Expressed in Eastern Caribbean Dollars)***

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

Property, plant and equipment includes seventy (70) acres of land contributed to the Group by the Government of Antigua and Barbuda. The land was valued at its market value between 2015 and 2018 by independent appraisers.

The valuation which conforms to International Valuation Standards was determined by reference to the sales comparison approach. The highest and best use of a property may also be considered in determining its fair value.

The fair value hierarchy as defined in note 2 (e) (ii) has been applied to the valuations of the Group's freehold land and the fair values are designated as Level 2. Reasonable changes in fair values would impact the consolidated statement of income.

See **Note 16 - Revaluation surplus** for a timeline of the changes in the valuation of the land included in Property, Plant and Equipment.

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

| | | 2022 | 2021 |
|---|---|---|---|
| Trade payables | $ | 115,204,917 | 89,329,276 |
| Accrued liabilities | | 12,189,856 | 5,449,887 |
| Security deposits | | 1,857,312 | 1,565,628 |
| Dividend payable | | 15,822,568 | 12,952,033 |
| | $ | 145,074,653 | 109,296,824 |

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

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

| | | 2022 | 2021 |
|---|---|---|---|
| Eastern Caribbean dollars | $ | 42,922,300 | 27,520,196 |
| United States dollars | | 102,152,353 | 81,776,628 |
| | $ | 145,074,653 | 109,296,824 |

***(Expressed in Eastern Caribbean Dollars)***

## 13. Long-term Debt:

| | | 2022 | 2021 |
|---|---|---|---|
| The Company entered into a loan agreement which resulted in access to loan funds totaling $45,900,000 at a rate of four and a half (4.5%) percent per annum repayable over seven (7) years. The purpose of the loan is to finance the initial phase of the Company's tank expansion program and related ancillary plant and equipment. | | | |
| In 2022, the Company made a total principal payment of $10,912,500 (2021: $7,650,000). Interest expense recognised for the year amounted to $730,706 (2021: $1,074,956). | $ | 10,125,000 | 21,037,500 |
| In 2021, the Company entered into a second loan agreement which resulted in access to loan funds totaling $32,400,000. Fifty (50%) percent of the total loan amounting to $16,200,000 is payable on demand and the other fifty (50%) percent is payable at a rate of five (5%) percent per annum repayable over four (4) years. The purpose of the demand loan was to provide working capital support and the term loan is to finance critical capital projects. The demand loan principal of $16,200,000 plus accrued interest of $209,712 were retired during the year. | | - | 16,200,000 |
| During the year 2022, the Company made a total principal payment of $787,500 on the term loan. Interest expense incurred for the year amounted to $552,617. | | 13,387,500 | 14,175,000 |
| The loan is secured by way of a charge over land. | | | |
| Non-current portion | | (11,812,500) | (23,512,500) |
| Current portion | | 11,700,000 | 27,900,000 |
| Accrued interest | | 273,070 | 622,701 |
| | $ | 11,973,070 | 28,522,701 |

THE WEST INDIES OIL COMPANY LIMITED

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

December 31, 2022

***(Expressed in Eastern Caribbean Dollars)***

## 14. Share Capital:

| | | 2022 | 2021 |
|---|---|---|---|
| Authorised: | | | |
| 5,920,000 Ordinary shares of $0.0025 per share par value (2020: 5,920,000 ordinary shares of $0.0025 per share par value). The stated amount is comprised of a single class of ordinary voting shares. | $ | 14,800 | 14,800 |
| | $ | 14,800 | 14,800 |

The Company launched an Initial Purchase Offer (IPO), the first in its history during 2021. The offer closed on May 21, 2021. The offeror was the Government of Antigua and Barbuda which had a controlling interest of fifty-one (51%) percent of the issued shares prior to the IPO. The Company did not increase the authorised and issued share capital.

The Government of Antigua and Barbuda offered 301,920 of its shares to the public. Applications exceeded the Government offer by 19,775 shares. The shareholder Fancy Bridge cleared the surplus applications. Following the IPO, the Company's authorised, issued, and outstanding share capital are as follows:

| | Authorized | Issued | Outstanding |
|---|---|---|---|
| On December 31, 2020 | 5,920,000 | 5,920,000 | 5,920,000 |
| Acquisition of treasury shares | - | - | (112,500) |
| December 31, 2021 | 5,920,000 | 5,920,000 | 5,807,500 |
| Acquisition of treasury shares | - | - | - |
| On December 31, 2022 | 5,920,000 | 5,920,000 | 5,807,500 |

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

The Company acquired 112,500 of its own ordinary shares at a cost of $60.60 per share for a total of $6,817,500. These shares have been recorded as treasury shares in equity.

***(Expressed in Eastern Caribbean Dollars)***

15. **Contributed Surplus:**

| | | 2022 | 2021 |
|---|---|---|---|
| Inclusion of land contributed by Government of Antigua (See Note 11). | $ | 1 | 1 |
| Arising as a result of forgiveness of debt and contributions from former shareholders in the period ended December 31, 1969. | | 35,490,940 | 35,490,940 |
| Arising on the purchase of the Group by the Government of Antigua and Barbuda from Natomas Company on September 1, 1976. | | 13,966,243 | 13,966,243 |
| Arising on acquisition by the Company of The West Indies Oil Company (Dominica) Limited from the Government of Antigua and Barbuda on January 30, 1980 (Note 8). | | 1,000 | 1,000 |
| Transfer of contributed surplus to write off the accumulated deficit to January 31, 1980. | | (20,831,243) | (20,831,243) |
| Arising as a result of forgiveness of debt and contributions from former shareholders in April 2015. | | 100,262,466 | 100,262,466 |
| | $ | 128,889,407 | 128,889,407 |

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

December 31, 2022

***(Expressed in Eastern Caribbean Dollars)***

16. **Revaluation Surplus:**

| | | 2022 | 2021 |
|---|---|---|---|
| Valuation of land held for development as of December 31, 1992. | $ | 80,604,808 | 80,604,808 |
| Valuation of land used in terminal operations as of December 31, 1992. | | 25,077,052 | 25,077,052 |
| Valuation of land used in terminal operations as of December 31, 2015 (see Note 11). | | 23,174,000 | 23,174,000 |
| Valuation of land used in terminal operations as of December 31, 2013 (see Note 11). | | 6,098,000 | 6,098,000 |
| Valuation of land used in terminal operations as of December 31, 2005 (See Note 11). | | 5,414,949 | 5,414,949 |
| Valuation of land held for development as of December 31, 2015 (see Note 9). | | (18,244,155) | (18,244,155) |
| Release on transfer of land held for development as of December 31, 2015 (see Note 9). | | (48,870,000) | (48,870,000) |
| Release on sales of land held for development. | | (4,358,235) | (4,358,235) |
| Valuation of land held used in operations as of December 31, 2018 | | 812,261 | 812,261 |
| | $ | 69,708,680 | 69,708,680 |

17. **Other Operating Income:**

| | Notes | | 2022 | 2021 |
|---|---|---|---|---|
| Storage fees | | $ | 15,773,940 | 15,206,940 |
| Freight income | | | 4,460,942 | 4,057,852 |
| Port charges | | | 3,512,070 | 2,704,571 |
| Transmission fees | | | 2,942,824 | 2,175,135 |
| Laboratory fees | | | 2,170,107 | 1,396,940 |
| Berthing fees | | | 842,458 | 740,286 |
| Agency fees | | | 699,840 | 700,962 |
| Rental income | | | 394,460 | 351,200 |
| Miscellaneous income | | | 273,783 | 268,612 |
| Warehouse rental | 10 | | 271,984 | 258,144 |
| Bunkering income | | | 188,361 | - |
| Convenience store income | | | 179,400 | 139,200 |
| Gain on disposal of fixed asset | | | 100,919 | - |
| Income from extinguishment of liability | | | - | 1,615,947 |
| | | $ | 31,811,088 | 29,615,789 |

*(Expressed in Eastern Caribbean Dollars)*

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

| | | 2022 | 2021 |
|---|---|---|---|
| Payroll and related costs | $ | 16,252,103 | 15,173,514 |
| Port charges | | 5,963,658 | 3,488,014 |
| Product haulage | | 5,720,262 | 5,568,474 |
| Insurance | | 4,555,245 | 4,177,859 |
| Utilities | | 1,814,240 | 1,742,547 |
| Repair and maintenance | | 1,635,361 | 1,563,333 |
| Bank and other charges | | 1,454,979 | 1,509,075 |
| Rent | | 797,839 | 703,878 |
| Security | | 698,825 | 633,330 |
| Dues and subscriptions | | 627,301 | 502,769 |
| Other operating expenses | | 554,345 | 199,798 |
| Fuel Usage | | 463,402 | 330,046 |
| Donations | | 383,415 | 106,771 |
| Direct purchases | | 374,270 | 345,838 |
| Directors' fees | | 354,000 | 399,969 |
| Legal and professional fees | | 312,555 | 565,493 |
| Advertising and promotion | | 234,139 | 162,357 |
| Storage fees | | 205,763 | 191,008 |
| Uniform | | 177,283 | 211,869 |
| Inspection | | 140,959 | 175,779 |
| Travel and entertainment | | 140,758 | 66,379 |
| Office expenses | | 134,282 | 249,724 |
| Training | | 105,913 | 93,590 |
| Loss on disposal of consumables | | 52,050 | - |
| License and taxes | | 14,139 | 6,860 |
| Freight and duty | | 810 | 200 |
| Loss on disposal of assets | | - | 145,000 |
| | $ | 43,167,896 | 38,313,474 |

THE WEST INDIES OIL COMPANY LIMITED

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

December 31, 2022

*(Expressed in Eastern Caribbean Dollars)*

19. **Taxation:**

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

| | | 2021 | 2020 |
|---|---|---|---|
| **Tax (receivable)/payable** | | | |
| Balance, beginning of year | $ | (1,147,340) | 2,990,653 |
| Income and withholding taxes | | 11,779,738 | 4,262,007 |
| Taxes paid | | (9,518,000) | (8,400,000) |
| Corporate tax set off against value added tax | | - | - |
| **Balance, end of year** | $ | 1,114,398 | (1,147,340) |
| **Net income for the year before taxation** | $ | 32,222,345 | 24,259,066 |
| Income tax expense calculated at the statutory rate | | 8,470,085 | 6,064,766 |
| Tax effect of permanent differences | | 2,138,657 | 2,179,030 |
| Tax effect on capital balancing allowance | | (3,105,268) | (3,956,820) |
| Tax effect on losses (utilized)/not utilized | | (247,621) | (42,969) |
| Current tax income | | 7,255,853 | 4,244,007 |
| Withholding tax | | 18,000 | 18,000 |
| Special tax on net income | | 4,505,885 | - |
| **Total income and withholding taxes** | $ | 11,779,738 | 4,262,007 |

| | | 2022 | 2021 |
|---|---|---|---|
| **Deferred Tax Liability** | | | |
| Beginning of year | $ | 4,251,459 | 2,688,768 |
| Deferred tax movement | | 1,013,346 | 1,562,691 |
| Balance, end of year | $ | 5,264,805 | 4,251,459 |

| | | 2022 | 2021 |
|---|---|---|---|
| **Deferred tax asset** | | | |
| Beginning of year | $ | 50,256 | 50,256 |
| Deferred tax movement | | - | - |
| Balance, end of year | $ | 50,256 | 50,256 |

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

***(Expressed in Eastern Caribbean Dollars)***

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

*Special tax on net income*
In accordance with the Antigua and Barbuda Income Tax Amendment (ACT) of 2019, an additional tax of ten (10%) percent is charged on the net income of the Parent Company. This tax on net income is effective from January 1, 2020, to December 31, 2021.

20. **Dividends:**

On July 13, 2022, the Company declared dividends in the amount of $11,880,778 representing sixty-one (61%) percent of the consolidated earnings in respect of the 2021 financial year. (2021: $7,273,229 in respect of 2020 financial year). Dividend payments made during the year ended December 31, 2022, amounted to $9,010,242 (2021: $19,445,942).

21. **Land Lease**

The Company leases land from the Government of Antigua and Barbuda on which certain pipelines have been installed. As of December 31, 2022, this lease had forty-eight (48) years remaining. The Company has a waiver for the annual rental amount of EC$5,000. The Company has determined that the lease does not meet the requirements of IFRS 9- *Leases*.

22. **Earnings Per Share:**

Earnings per share is calculated by diving the net income attributed to equty holders of the Company for the years by the weighted average number of common shares in issue during the year.

| | 2022 | 2021 |
|---|---|---|
| Profit attributable to ordinary shareholders | 19,429,261 | 18,434,368 |
| Weighted average number of ordinary shares in issue | 5,807,500 | 5,807,500 |
| | 3.35 | 3.17 |

23. **Investment in debt security:**

The Company purchased a Government of Antigua seven (7) year 7.25% treasury bond security in December 2022. The security has a face value of EC$5,000,000 generating amortised interest income of EC$1,677,242.19 over its tenure ending December 21st, 2029. The security is listed on the Eastern Caribbean Securities Exchange government securities market.

24. **Commitments and Contingencies:**

One of the Company's vendors invoices for services which the Company disputes, resulting in a difference between the Company's records and the liability due confirmed by the vendor. This is a long outstanding matter for which there has been no legal claim filed by the vendor. Though an outflow of economic benefits to the vendor in respect of the disputed services is not probable, there is a possible contingent liability, per the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. No accruals have been made in the financial statements in respect of this matter.

WIOC
WEST INDIES OIL CO. LTD.
INNOVATIVE ENERGY SOLUTIONS

# SHAREHOLDER PROXY FORM

*The Companies Act 1995, Section 141*

## COMPANY NAME

**The West Indies Oil Company Limited**
Company No: 168, incorporated March 24, 1961

## THE MEETING

The Annual General Meeting of shareholders of The West Indies Oil Company Limited to held at the John E St. Luce Financial Centre and virtually via live stream to all shareholders of record as of September 15th, 2023. The meeting will be held on Thursday September 28th, 2023, at 4:00 PM.

I/(We) being a shareholder/ (shareholders) of The West Indies Oil Company Limited, hereby appoint Raul LiCausi, or failing him, Hilroy R Humphreys, Directors of the Company or

______________________________

of ______________________________

as my/our proxy to vote for me/us on my/our behalf as indicated below on the Resolutions to be proposed at the Annual Meeting of the Company, to be held on September 28th, 2023, and at any adjournment thereof.

Dated this ________ day of ____________ 2023.

Name ____________________ Signature ____________

Name ____________________ Signature ____________

Please indicate with an 'X' in the spaces below how you wish your proxy to vote on the Resolutions referred to. If no such Indication is given, the proxy will exercise his discretion as to how he votes or whether he abstains from voting.

| RESOLUTIONS | FOR | AGAINST |
| --- | --- | --- |
| **BE IT RESOLVED THAT** | | |
| 1. The audited financial statements for the year ended December 31, 2022 and the reports of the Auditor and Directors thereon be received. | | |
| 2. a) The directors to be elected be elected en bloc. | | |
| b) Gregory F Georges be elected to the Board of Directors until such time as he ceases to be an officer of the Company. | | |
| c) Carlton Bramble be elected to the Board of Directors until such time as he ceases to be an officer of the Company. | | |
| 3. The firm of BDO Chartered Accountants, be appointed Auditors and the Directors be authorised to fix their remuneration. | | |

## APPOINTING A PROXYHOLDER TO REPRESENT YOU AND VOTE AT THE MEETING

The form of proxy or voting instruction form appoints Raúl LiCausi or Hilroy R Humphreys, each a director of The West Indies Oil Company Limited (WIOC), as your proxyholder, which gives them the authority to vote your shares at the applicable meeting or any adjournment of the meeting.

**You can choose another person or company, including a person who is not a shareholder, as your proxyholder to vote your shares online or in person at the meeting or any adjournment of the said meeting.** To do this, you must appoint that person as proxyholder as described in the voting instructions attached.

If the proxyholder will be **attending the meeting online**, you must register this proxyholder online at corporate@westindieoil.com no later than 4:00 p.m. on Tuesday, September 26th, 2023, for WIOC to email the proxyholder with a username. **Failure to register the proxyholder will mean the proxyholder will be unable to register online as a participant, vote, or ask questions online.**

If the proxyholder will be **attending the meeting in person**, they will need to check in at the registration desk when they arrive at the meeting.

## RETURN TO:

**Corporate Secretary**
**The West Indies Oil Company Limited**
**P.O. Box 230**
**St. John's**
**ANTIGUA, WEST INDIES**
**Email: corporate@westindiesoil.com**

WIOC
WEST INDIES OIL CO. LTD.
*INNOVATIVE ENERGY SOLUTIONS*

# MANAGEMENT PROXY CIRCULAR

*The Companies Act 1995, Section 141*

## COMPANY NAME

**The West Indies Oil Company Limited**
Company No: 168, incorporated March 24, 1961

## MANAGEMENT SOLICITATION

It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the Shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form sent to the Shareholders with this Circular and in the absence of a specific direction, at the discretion of the proxyholder in respect of any other resolution.

## DIRECTORS STATEMENTS PURSUANT TO SUBSECTION 74 (2)

No statement has been received from any Director pursuant to section 74(2) of the Companies Act, 1995.

## AUDITOR'S STATEMENT SUBMITTED PURSUANT TO SECTION 170(1)

No statement has been received from the Auditors of the Company pursuant to Section 170(1) of the Companies Act, 1995.

## SHAREHOLDER'S PROPOSAL SUBMITTED PURSUANT TO SECTIONS 114(A) AND 115(2)

No proposal has been received from any Shareholder pursuant to Sections 114(A) and 115(2), and within the rules stipulated by Section 117 of the Companies Act, 1995.

| DATE | NAME AND TITLE | SIGNATURE |
| --- | --- | --- |
| September 5th, 2023 | Carlton Bramble<br>*Corporate Secretary*<br>*The West Indies Oil Company Limited* | |

1 (268) 462 0140/1 westindiesoil.com