

**TRINIDAD GENERATION UNLIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2013

(Expressed in Thousands of United States Dollars)

Ernst & Young



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TRINIDAD GENERATION UNLIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

<b>CONTENTS</b>	<b>Page</b>
Independent Auditor's Report	2-3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 32



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## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDER OF TRINIDAD GENERATION UNLIMITED

We have audited the accompanying financial statements of Trinidad Generation Unlimited ("the Company") which comprise the statement of financial position as at 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TRINIDAD GENERATION UNLIMITED  
(Continued)

### **Basis for Qualified Opinion**

The Company's inventories are stated at \$6 million in the statement of financial position as at 31 December 2013. Management did not conduct an inventory count at year end, and thus we were unable to verify the existence and completeness of the stated inventory balance at year end. We were unable to perform appropriate alternative audit procedures to conclude on the existence and completeness of the stated inventory balance at year end.

### **Qualified Opinion**

In our opinion, except for the effects of any adjustments which may arise as a result of the matter described in the Basis for Qualified Opinion paragraph, the financial statements presents fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Port of Spain  
TRINIDAD  
23 March 2015

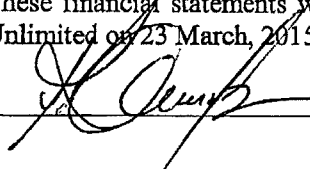
TRINIDAD GENERATION UNLIMITED

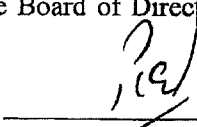
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)

	Notes	2013 \$'000	2012 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	19,514	16,505
Net investment in leased asset	5	737,364	740,730
Deferred tax asset	16	<u>44,416</u>	<u>55,449</u>
		<u>801,294</u>	<u>812,684</u>
<b>Current assets</b>			
Cash and short-term deposits	6	82,831	87,439
Net investment in leased asset	5	3,366	3,020
Trade and other receivables	7	100,890	18,431
Tax recoverable		1,003	1,003
Inventories	8	<u>6,048</u>	<u>4,518</u>
		<u>194,138</u>	<u>114,411</u>
<b>TOTAL ASSETS</b>		<u>995,432</u>	<u>927,095</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	9	1	1
Capital contributions	10	189,399	727,422
Retained earnings		<u>134,564</u>	<u>18,720</u>
		<u>323,964</u>	<u>746,143</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	16	<u>93,717</u>	<u>63,595</u>
<b>Current liabilities</b>			
Trade and other payables	11	4,056	84,197
Dividends payable	22	3,000	-
Due to related parties	12	569,926	33,081
Tax payable		<u>769</u>	<u>79</u>
		<u>577,751</u>	<u>117,357</u>
<b>Total liabilities</b>		<u>671,468</u>	<u>180,952</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>995,432</u>	<u>927,095</u>

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

These financial statements were authorized for issue by the Board of Directors of Trinidad Generation Unlimited on 23 March, 2015 and signed on their behalf by:

 : Director

 : Director

TRINIDAD GENERATION UNLIMITED

STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 31 DECEMBER 2013  
 (Expressed in Thousands of United States Dollars)

	Notes	2013 \$'000	2012 \$'000
<b>Revenue</b>			
Finance lease income		102,263	66,644
Other revenue	13	<u>75,567</u>	<u>1,880</u>
		<u>177,830</u>	<u>68,524</u>
<b>Expenses</b>			
Administrative expenses	14	(14,453)	(10,595)
Operating expenses	14	(4,983)	(4,721)
Finance income	15	<u>2,139</u>	<u>166</u>
		<u>(17,297)</u>	<u>(15,150)</u>
<b>Profit before tax</b>		160,533	53,374
Taxation	16	<u>(41,689)</u>	<u>(13,634)</u>
<b>Net profit for the year</b>		118,844	39,740
Other comprehensive income		<u>—</u>	<u>—</u>
<b>Total comprehensive income</b>		<u>118,844</u>	<u>39,740</u>

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

TRINIDAD GENERATION UNLIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)

	Stated capital \$'000	Capital contributions \$'000	Retained earnings \$'000	Total \$'000
<b>Year ended 31 December 2013</b>				
Balance at 1 January 2013	1	727,422	18,720	746,143
Capital contributions	–	30,000	–	30,000
Capital reduction (note 10)	–	(568,023)	–	(568,023)
Dividends (note 22)	–	–	(3,000)	(3,000)
Total comprehensive income for the year	<u>–</u>	<u>–</u>	<u>118,844</u>	<u>118,844</u>
Balance at 31 December 2013	<u><u>1</u></u>	<u><u>189,399</u></u>	<u><u>134,564</u></u>	<u><u>323,964</u></u>
<b>Year ended 31 December 2012</b>				
Balance at 1 January 2012	1	727,422	(21,020)	706,403
Total comprehensive income for the year	<u>–</u>	<u>–</u>	<u>39,740</u>	<u>39,740</u>
Balance at 31 December 2012	<u><u>1</u></u>	<u><u>727,422</u></u>	<u><u>18,720</u></u>	<u><u>746,143</u></u>

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

TRINIDAD GENERATION UNLIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)

	Notes	2013 \$'000	2012 \$'000
<b>Cash flows from operating activities</b>			
Profit before taxation		160,533	53,373
Adjustments for:			
Depreciation	4	1,893	407
Interest income	15	(2,016)	(41)
Finance lease collections		<u>3,019</u>	<u>749</u>
<b>Operating profit before changes in working capital</b>		163,429	54,488
Increase in trade and other receivables		(82,459)	(13,031)
Increase in inventories		(1,530)	(2,271)
(Decrease)/increase in amounts due to related parties (excluding transfers from equity)		(30,913)	16,402
(Decrease)/increase in trade and other payables		<u>(80,141)</u>	<u>15,046</u>
<b>Cash (used in)/generated from operations</b>		(31,614)	70,634
Interest received		2,016	41
Tax paid		<u>(108)</u>	<u>(1,147)</u>
<b>Net cash (used in)/generated from operations</b>		<u>(29,706)</u>	<u>69,528</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment	4	(4,902)	(64,774)
Investment in short term deposits		(25,000)	(25,000)
Decrease in restricted cash		<u>—</u>	<u>28,365</u>
<b>Net cash used in investing activities</b>		<u>(29,902)</u>	<u>(61,409)</u>
<b>Cash flows from financing activities</b>			
Capital contributions		<u>30,000</u>	<u>—</u>
<b>Net cash generated from financing activities</b>		<u>30,000</u>	<u>—</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(29,608)	8,119
<b>Cash and cash equivalents</b>			
- at the beginning of the year		<u>62,439</u>	<u>54,320</u>
- at the end of the year	6	<u>32,831</u>	<u>62,439</u>
<b>Non-cash transactions:</b>			
Finance lease transfers	4	—	376,899
Capital reduction	10	<u>568,023</u>	<u>—</u>
		<u>568,023</u>	<u>376,899</u>

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



## TRINIDAD GENERATION UNLIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in Thousands of United States Dollars)

#### 1. Corporate information

Trinidad Generation Unlimited (“TGU” or “the Company”) was incorporated in December 2006, in the Republic of Trinidad and Tobago with its registered office situated at Third Floor, Mulchan Seuchan Road, Chaguanas. The Company’s principal activity is to engage in the acquisition, construction, ownership, and the operation, management and maintenance of power generation facilities.

On the establishment of TGU, the ownership structure of the Company which was governed by a shareholders’ agreement dated 10 July 2008, was as follows:

- Trinidad & Tobago Power Generation Unlimited (“T&T Power”), a Company whose ultimate parent is AES Corporation of the United States of America held a 60% interest in TGU; and
- Union Estate Electricity Generation Company Limited (“UEEGCL”), an entity owned by the Government of the Republic of Trinidad and Tobago (“GORTT”) held a 40% interest in TGU.

By way of an amendment to the shareholders’ agreement dated 6 January 2009, the ownership structure was amended by way of a share transfer whereby T&T Power would hold a 9.93% interest in TGU and UEEGCL would hold a 90.07% interest, thereby becoming the majority owner.

During 2013, UEEGCL acquired Trinidad & Tobago Power’s interest in TGU. This resulted in 100% of the stated capital of the Company being held by UEEGCL.

In the ordinary course of its business, the Company enters into transactions concerning the exchange of goods, provision of services and financing with affiliate companies as well as with entities directly and indirectly owned or controlled by the GORTT. Entities under the common control of the GORTT include National Energy Corporation of Trinidad and Tobago Limited, Trinidad and Tobago Electricity Commission (“T&TEC”) and TGU’s parent company UEEGCL.

TGU owns and operates a power generation plant and has entered into a 30 year Power Purchase Agreement (“PPA”) with T&TEC dated 15 September 2009 for the provision of capacity and associated energy generated by the plant to T&TEC. Based on the evaluation of the terms of the PPA, TGU has accounted for the PPA as a finance lease in accordance with IAS 17: “Leases”.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

**2. Significant accounting policies**

**a. Basis of preparation**

These financial statements are prepared under the historical cost convention and are presented in United States Dollars which is the Company's functional currency.

*Statement of compliance*

The financial statements of the Company have been prepared with reference to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**b. Changes in accounting policy and disclosures**

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2013.

- IAS 19 Employee Benefits (Revised 2011)
- IFRS 13 Fair Value Measurement and amendments
- IAS 1 Presentation of Financial Statements
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement

The adoption of these standards and interpretations did not have any effect on accounting policies, financial position or performance of the Company.

**c. Significant accounting estimates, assumptions and judgments**

The preparation of the financial statements in conformity with IFRS necessitates the use of estimates, assumptions and judgments. These estimates and assumptions affect the reported amounts of assets and liabilities and contingent liabilities at year end as well as affecting the reported income and expenses for the year.

Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future years.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

2. **Significant accounting policies** (continued)

c. **Significant accounting estimates, assumptions and judgments** (continued)

**Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

*Operating lease commitments – Company as lessee*

The Company has entered into vehicle and equipment leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the asset, that it does not obtain all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

*Finance lease commitments – Company as lessor*

Leases are classified as finance leases whenever based on management's evaluation of the terms and conditions of the arrangement, the terms of the lease transfer substantially all of the risks and rewards of ownership from the lessor. All other leases are classified as operating leases.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. These assumptions and estimates are based on parameters existing and available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Company.

*Property, plant & equipment*

Management exercises judgment in determining the useful lives of categories of property plant and equipment and the appropriate method of depreciation.

*Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

2. **Significant accounting policies (continued)**

d. **Foreign currency translation**

The financial statements are presented in US dollars, which is the Company's functional and presentation currency. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

Transactions in foreign currencies (other than USD) are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate of exchange ruling at the reporting date. Any resulting exchange differences are included in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured at historical cost and denominated in a foreign currency are translated into the functional currency using the rates of exchange as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange at the date the fair value was determined.

e. **Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is charged from the month in which the equipment is purchased. Depreciation is provided on a straight line basis, per annum, as follows:

	%
Computer equipment	33 $\frac{1}{3}$
Communication equipment	33 $\frac{1}{3}$
Machinery and equipment	25
Office furniture and equipment	25
Vehicles	25
Capital spares	3 $\frac{1}{3}$ -11 $\frac{1}{9}$

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

2. **Significant accounting policies** (continued)

e. **Property, plant and equipment** (continued)

Capital work in progress represents milestone payments to contractors under an Engineering Procurement and Supply Contract and other direct costs incurred in constructing the power plant that meet the recognition criteria. The plant has been brought into operation in three phases, Phase 1A, Phase 1B and Phase 2 in accordance with the Power Purchase Agreement (PPA). Capital work in progress has been allocated to the components of plant and equipment that are commissioned under each of the phases.

The PPA was evaluated in accordance with the provisions of IFRIC 4 (See Note 2 f). This evaluation has resulted in the recognition of a leased asset related to the power plant. See Note 5.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognised.

f. **Leases**

In accordance with IFRIC 4, the determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Leases where the lessor effectively retains substantially all risks and rewards of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on an over the lease term.

Where substantially all the risks and rewards incidental to ownership of the asset are transferred to the lessee the lease is a finance lease. Finance leases are capitalized at the commencement of the lease at the fair value of the asset or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

**2. Significant accounting policies (continued)**

**f. Leases (continued)**

Assets held under a finance lease are recognized in the statement of financial position and presented as a recoverable balance at an amount equal to the net investment in the lease. Interest income and finance charges are recognized in the statement of comprehensive income.

Based on the analysis of IFRIC 4, the Company concluded that the arrangement as described in the PPA contains a lease and qualifies for accounting as a finance lease in accordance with IAS 17 "Leases".

**g. Financial instruments**

*Financial assets*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

The Company's financial assets include net investment in leased asset, cash and cash equivalents and trade and other receivables.

*Financial liabilities*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

The Company's financial liabilities include trade and other payables and due to related parties.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

**2. Significant accounting policies (continued)**

**h. Impairment of financial assets**

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

*Assets carried at amortised cost*

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are de-recognised when they are assessed as uncollectible.

**i. Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

2. **Significant accounting policies** (continued)

i. **Impairment of non-financial assets** (continued)

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

j. **Cash and cash equivalents**

Cash and short-term deposits comprise of cash held in depository bank accounts as at the reporting date.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash at bank and deposits in banks with an original maturity of three months or less.

k. **Trade and other receivables**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.



TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

**2. Significant accounting policies (continued)**

**i. Inventories**

Inventories which consist of consumable spares and minor tools and equipment are carried at the lower of cost and net realisable value. Cost is determined based on the weighted average unit cost method.

**m. Trade and other payables**

Liabilities for trade and other payables which are normally settled on a 30-90 day terms are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

**ii. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes.

Interest income is recognized as it accrues unless collectability is in doubt.

**Lease revenue**

The recognition of lease income is based on a pattern reflecting a constant period rate of return on the net investment in leased asset. Contingent rents are recognised in the period in which they are earned.

**o. Taxation**

*Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or subsequently enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

*Deferred tax*

Deferred income tax is provided, using the liability method, on all temporary differences at the year-end date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all temporary differences except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

**2. Significant accounting policies (continued)**

**o. Taxation (continued)**

*Deferred tax (continued)*

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profit will allow all parts of the deferred tax asset to be utilized.

**p. Stated capital**

Stated capital is classified within equity and is recognized at the fair value of the consideration received by the Company.

**q. Capital contributions**

The funds provided by the shareholders have been classified under capital contributions and classified within equity in accordance with the Shareholders' Agreement and is recognised at the fair value of the consideration received by the Company.

**r. Dividends**

The Company recognises a liability to make dividend distributions to the parent in the period in which the dividends are approved by the Board by the Board of Directors.

**3. Standards and interpretations issued but not yet effective**

The Company has chosen not to early adopt the following standards and interpretations that were issued but not yet effective for accounting periods beginning after 1 January 2013. The impact of these new standards and interpretations is currently being assessed by the Company.

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
- IFRIC Interpretation 21 Levies (IFRIC 21)
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

3. Standards and interpretations issued but not yet effective (continued)

- Annual improvements 2010-2012 Cycle
- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- IAS 24 Related Party Disclosures
- Annual improvements 2011-2013 Cycle
- IFRS 3 Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 27: Equity Method in Separate Financial Statements

4. Property, plant and equipment

	Machinery & equipment \$'000	Other assets \$'000	Capital spares \$'000	2013 Total \$'000	2012 Total \$'000
<b>Cost</b>					
Balance at 1 January	356	894	15,844	17,094	329,219
Additions	977	1,096	2,829	4,902	64,774
Transfer to finance lease	—	—	—	—	(376,899)
Balance at 31 December	<u>1,333</u>	<u>1,990</u>	<u>18,673</u>	<u>21,996</u>	<u>17,094</u>
<b>Accumulated depreciation</b>					
Balance at 1 January	114	362	113	589	182
Charge for the year	<u>94</u>	<u>253</u>	<u>1,546</u>	<u>1,893</u>	<u>407</u>
Balance at 31 December	<u>208</u>	<u>615</u>	<u>1,659</u>	<u>2,482</u>	<u>589</u>
<b>Net book value</b>	<u>1,125</u>	<u>1,375</u>	<u>17,014</u>	<u>19,514</u>	<u>16,505</u>

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

5. Investment in leased assets	2013 \$'000	2012 \$'000
Finance lease - gross investment	2,905,983	3,011,272
Less: Unearned finance income	<u>(2,165,253)</u>	<u>(2,267,522)</u>
Net investment in leased asset	740,730	743,750
Less amounts due within one year	<u>(3,366)</u>	<u>(3,020)</u>
	<u>737,364</u>	<u>740,730</u>

The Company entered into a Power Purchase Agreement (PPA) for the supply of capacity and associated energy generated for a term of thirty (30) years from the commencement of Phase 1A commercial operations. The power plant was brought into operation in three phases. Each phase provided incremental capacity for power generation as follows:

Phase 1A commissioned on 31 July 2011	225MW
Phase 1B commissioned on 20 December 2011	225MW
Phase 2 commissioned on 18 December 2012	270MW

The provisions of the PPA were evaluated in accordance with IFRIC 4: "Determining whether an arrangement contains a lease" and IAS 17: "Leases". Phase 1A and Phase 1B were commissioned during 2011 and Phase 2 in 2012. Their related costs were transferred from capital work in progress and an investment in these assets was recognized in the respective years.

As at 31 December the gross investment and present value of receivables relating to future minimum lease payments were distributed as follows:

	2013		2012	
	Gross investment \$'000	Present value of receivable \$'000	Gross investment \$'000	Present value of receivable \$'000
Within 1 year	105,289	3,366	105,289	3,020
1 to 5 years	421,445	18,305	421,445	16,375
Over 5 years	<u>2,379,249</u>	<u>719,059</u>	<u>2,484,538</u>	<u>724,356</u>
	<u>2,905,983</u>	<u>740,730</u>	<u>3,011,272</u>	<u>743,750</u>

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

	2013 \$'000	2012 \$'000
<b>6. Cash and short-term deposits</b>		
Cash at bank	32,831	29,439
Short-term deposits	<u>50,000</u>	<u>58,000</u>
	<u>82,831</u>	<u>87,439</u>

Cash at bank earn interest at floating rates based on daily bank deposit rates.

Short-term deposits include US dollar denominated deposits with maturity dates of one year (2012: ranging 30 days to 180 days) with interest rates ranging from 0.32% per annum to 0.5% (2012: 0.23% to 0.48% per annum).

	2013 \$'000	2012 \$'000
For the purpose of the statement of cash flows, cash and cash equivalents comprise:		
Cash at bank	32,831	29,439
Short term deposits	<u>—</u>	<u>33,000</u>
	<u>32,831</u>	<u>62,439</u>

**7. Trade and other receivables**

Trade receivables	88,488	10,232
Accrued revenues	11,703	6,625
Prepayments and other receivables	<u>699</u>	<u>1,574</u>
	<u>100,890</u>	<u>18,431</u>

Trade receivables and accrued revenues of \$100,191 (2012: \$16,857) are in respect of amounts due from a related party (See Note 12).

As at 31 December, the ageing analysis of trade receivables and accrued revenues is as follows:

	<u>Past due but not impaired</u>				
	Total	Current	>30 to 60 days	>60 to 90 days	> 90 days
<b>2013</b>	100,191	9,893	10,959	7,891	72,448
<b>2012</b>	16,857	13,366	3,491	—	—

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

7. Trade and other receivables (continued)

As described in note 1, TGU owns and operates a power generation plant with a maximum available capacity of 720MW. TGU has entered into a Power Purchase Agreement (“PPA”) with Trinidad and Tobago Electricity Company (“T&TEC”), its sole customer, for the provision of capacity and associated energy generated by the plant. As at 31 December, 2013 TGU is a 100% owned subsidiary of Union Estate Electricity Generation Company Limited (“UEEGCL”), a company owned by the Government of the Republic of Trinidad and Tobago (“GORTT”). Thus, TGU, T&TEC and UEEGCL are under common control and ultimately owned by GORTT.

The trade receivable balance as at 31 December 2013 due from TGU’s only customer, T&TEC, amounted to approximately \$100,191, an increase from \$16,857 as at 31 December 2012. As at 31 December 2013, trade receivables from T&TEC of \$91,298 was over 30 days past due, and \$72,448 was over 90 days past due. TGU management understands that T&TEC is making payments for 225 – 300 MW based on its ability to pay at this time. In 2013, billings and accrued revenue in respect of T&TEC amounted to \$125,820 occurred as did payments on trade receivable of \$42,486. TGU management understands T&TEC is scheduled to bring online a new sub-station in 2015 which would allow the entity to pay balances in full. In the interim, accounts receivable balances have grown to \$170,659 as of 31 December 2014 (unaudited).

TGU has not provided an allowance for doubtful accounts on the aforementioned past due amounts. Pursuant to the aforementioned PPA, GORTT absolutely, unconditionally and irrevocably guarantees to TGU and its successors and assigns the prompt and timely payment, performance, satisfaction, discharge or all of the obligations and liabilities of T&TEC pursuant to the PPA. GORTT has agreed that if any of the obligations are not paid in full by T&TEC to TGU fully performed, satisfied and discharged by T&TEC when due in accordance with the PPA, to make payments to TGU within 30 days of the receipt of written demand to the GORTT stating that T&TEC has defaulted.” To date such a demand has not been made by TGU.

TGU also owes GORTT \$568,023 as at 31 December 2013, through UEEGCL, which is classified as a current liability in the accompanying statement of financial position as such amounts are due on demand. TGU does not have the legal ability or intent to offset past due accounts receivable against such payables should it be demanded by GORTT.

8. Inventories	2013 \$'000	2012 \$'000
Spare parts	6,048	3,763
Materials in transit	<u>—</u>	<u>755</u>
	<u>6,048</u>	<u>4,518</u>

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

	2013 \$'000	2012 \$'000
<b>9. Stated capital</b>		
Authorized Unlimited ordinary shares at par value		
Issued and fully paid 1,000 ordinary shares at \$1 each	<u>1</u>	<u>1</u>
<b>10. Capital contributions</b>		
Trinidad and Tobago Power Generation Unlimited	-	19,024
Union Estate Electricity Generation Company Limited (UEEGCL)	<u>189,399</u>	<u>708,398</u>
	<u>189,399</u>	<u>727,422</u>

In March 2014, the Ministry of Finance clarified that the ultimate parent company's ("UEEGCL") position would be that the capital structure of the Company will be 75% debt and 25% equity effective 31 July 2013. As a consequence, 75% of the capital contributions (amounting to \$568,023) paid by the Government of Trinidad & Tobago through UEEGCL will be repaid upon a successful loan refinancing by the Company. Effective 31 July 2013 this amount has been duly reclassified to current liabilities (refer to note 12).

	2013 \$'000	2012 \$'000
<b>11. Trade and other payables</b>		
Trade payables	792	48,707
Other payables	<u>3,264</u>	<u>35,490</u>
	<u>4,056</u>	<u>84,197</u>

Trade payables are non-interest bearing and are normally on 30-day terms.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2013  
 (Expressed in Thousands of United States Dollars)  
 (Continued)

**12. Related parties**

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

The Company was ultimately owned by the Government of the Republic of Trinidad and Tobago ("GORTT") and AES Corporation of the United States of America. GORTT, via its ownership of UEEGCL, acquired the AES remaining holdings of TGU in 2013 thereby making them 100% shareholders. In the ordinary course of its business, the Company enters into transactions concerning the exchange of goods, provision of services and financing with affiliate companies as well as with entities directly and indirectly owned or controlled by the GORTT. Entities under the common control of the GORTT include National Energy Corporation of Trinidad and Tobago Limited, Trinidad and Tobago Electricity Commission and Union Estate Electricity Generation Company Limited.

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any amounts due to or from related parties except as stated in note 19.

The following table provides the details of transactions with and balances due to related parties for the year:

	<b>2013</b>	<b>2012</b>
<b>Due to related parties</b>	<b>\$'000</b>	<b>\$'000</b>
AES Trinidad Services Unlimited	—	422
T & T Power Generation Unlimited	—	2
Government of the Republic of Trinidad and Tobago	59	59
National Energy Corporation	322	322
Union Estate Electricity Generation Company Limited (UEEGCL)	<u>569,545</u>	<u>32,276</u>
	<u>569,926</u>	<u>33,081</u>

Included in the amount due to UEEGCL is an amount of \$568,023 as described in note 10. This amount is unsecured, interest free and expected to be settled upon consummation of an international debt offering by TGU.

**Due from related parties**

Trinidad and Tobago Electricity Commission	<u>100,191</u>	<u>16,857</u>
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TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

12. Related parties (continued)	2013 \$'000	2012 \$'000
<b>Purchases from related parties</b>		
AES Trinidad Services Unlimited		
- Management Services	<u>—</u>	<u>5,278</u>
National Energy Corporation of Trinidad & Tobago		
- Lease rental	<u>334</u>	<u>334</u>
Trinidad and Tobago Electricity Commission		
- Liquidated damages	<u>—</u>	<u>1,000</u>
<b>Sales to related parties</b>		
Trinidad and Tobago Electricity Commission	<u>104,592</u>	<u>68,524</u>
<b>Compensation of key management personnel</b>		
Short-term employee benefits	<u>742</u>	<u>595</u>

Key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the Company. The remuneration of members of key management personnel is a component of administration expenses in the statement of comprehensive income. The amount expended during the year is shown above.

13. Other revenue	2013 \$'000	2012 \$'000
Capacity revenues – CPI adjustment	2,166	1,745
Energy delivered revenues	163	135
Liquidated damages – Non availability (see note below)	<u>73,238</u>	<u>—</u>
	<u>75,567</u>	<u>1,880</u>

In accordance with the provisions of the Engineering Procurement and Supply contract for the construction of the plant, the Company filed a claim for late substantial completion payments for delays in delivery of the plant. The Company was awarded a settlement sum of US \$73.2M which represents the full claim by the Company in the amount of US \$106.2M net of US \$33M for settlement of other contract issues.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

14. Expenses	2013	2012
<b>Administrative expenses</b>		
Salaries and wages	4,339	3,328
Insurance	4,322	58
Depreciation	1,893	407
Professional and legal fees	1,742	3,315
Events and community work	606	455
Rent	396	398
Travel and motor vehicle expenses	325	92
IT Expenses	203	310
Utilities	202	139
Office supplies	117	110
Meals and entertainment	52	82
Penalties for late completion – T&TEC	–	1,000
Penalties for late completion – penalty interest	–	259
Other	<u>256</u>	<u>642</u>
	<u>14,453</u>	<u>10,595</u>
<b>Operating expenses</b>		
Parts and supplies	1,073	1,834
Contracted services	946	376
Contract labour	815	569
Training	678	249
Security	294	136
Travel and motor vehicle expenses	228	413
Calibration and testing	118	180
Tools and equipment	64	415
Equipment rental	63	54
Workshop expenses	6	135
Other	<u>698</u>	<u>360</u>
	<u>4,983</u>	<u>4,721</u>
<b>15. Finance income</b>		
Interest income	2,016	42
Bank charges	(13)	(10)
Financing fees	2	(8)
Gain on foreign exchange	<u>134</u>	<u>142</u>
	<u>2,139</u>	<u>166</u>

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

<b>16. Taxation</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Taxation charge for the year:		
Business levy	356	137
Green fund levy	178	69
Deferred tax	<u>41,155</u>	<u>13,428</u>
	<u>41,689</u>	<u>13,634</u>

A reconciliation of the expected income tax expense determined using the statutory tax rate of 25% to the effective income tax expense is as follows:

Profit before taxation	160,533	<u>53,374</u>
Income taxes thereon at the rate of 25%	40,133	13,343
Tax effect of non-deductible expenses	593	4
Tax effect of income not taxable/allowances	(254)	-
Business levy	356	137
Green fund levy	178	69
Other	<u>683</u>	<u>81</u>
	<u>41,689</u>	<u>13,634</u>

Significant components of deferred tax are as follows:

**Deferred tax asset:**

Tax losses	<u>44,416</u>	<u>55,449</u>
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**Deferred tax liabilities:**

Finance lease	93,385	63,544
Property, plant and equipment	<u>332</u>	<u>51</u>
	<u>93,717</u>	<u>63,595</u>

The Company has unutilized tax losses of \$177.7 million (2012: \$221.8 million) that are available indefinitely for offset against future taxable profits. Deferred tax assets have been recognized for the carry forward of these unused tax losses to the extent that it is possible that future tax profits will be available against which the tax losses can be utilized. There are no unrecognized deferred tax assets for the current year.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

**17. Capital commitments**

At 31 December 2013, the Company had no contractual commitments (2012: nil).

**18. Operating lease commitments**

The Company has entered into a 30 year lease agreement commencing 15 January 2009 with the National Energy Corporation of Trinidad and Tobago for the lease of 149.955 hectares of land situated in La Brea, Trinidad. The rental lease expense of \$333,900 dollars is recorded in administrative expenses for the year ended 31 December 2013 (2012: \$333,900 dollars).

The Company also holds operating leases for its motor vehicles. The motor vehicle lease expense of \$223,309 dollars is recorded in administrative expenses for the year ended 31 December 2013 (2012: 85,396 dollars).

Future minimum rentals payable under the operating leases as at 31 December are as follows:

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	390	463
After one year but not than five years	1,578	1,715
More than five years	<u>6,678</u>	<u>7,012</u>
	<u>8,846</u>	<u>9,190</u>

**19. Contractual commitments**

On 15 September 2009, the Company entered into a Power Purchase Agreement for 30 years with Alutrint Limited (Alutrint) and the Trinidad and Tobago Electricity Commission (T&TEC) as buyers in which each of the buyers is jointly and separately obligated to fulfilling the terms and conditions of the agreement which provides inter alia for the sale of the maximum available output of the plant. In accordance with the power purchase agreement these obligations would commence once Phase 1A of the plant is operational. Phase 1A became operational in 31 July 2011, Phase 1B on 20th December 2011, and Phase 2 became operational on 18 December 2012.

In 2011, the agreement to deliver output to Alutrint was discontinued, resulting in the full output of the plant being designated to T&TEC. The obligations of T&TEC under the Power Purchase Agreement are unconditionally guaranteed by the Government of Trinidad & Tobago. The total capacity of the plant is dedicated to T&TEC.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

**20. Financial risk management objectives and policies**

The Company is exposed to credit risk and liquidity risk, arising from the financial instruments that it holds. The risk management policies employed by the Company to manage these risks are discussed below.

**(i) Credit risk**

Credit risk arises when failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The maximum exposure to credit risk for the components of the statement of financial position is shown below:

	<b>Gross maximum exposure 2013 \$'000</b>	<b>Gross maximum exposure 2012 \$'000</b>
Net investment in leased asset	740,730	743,750
Cash and short-term deposits	82,831	87,439
Trade and other receivables	<u>100,191</u>	<u>16,876</u>
	<u>923,752</u>	<u>848,065</u>

The net investment in leased asset and therefore 100% of the Company's revenue is earned from one related party under a Power Purchase Agreement (Note 19), which is backed by a full Government of Trinidad and Tobago guarantee for risk of defaults. In addition, trade receivables amounting to \$100M (2012:\$16.9M) is also backed by the full Government guarantee.

Cash and short-term deposits are placed with reputable financial institutions.

The maximum exposure on these financial statements is equal to their carrying amounts at year end.

**(ii) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligation associated with the financial instruments. The Company has procedures with the objective of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

**20. Financial risk management objectives and policies (continued)**

**(ii) Liquidity risk (continued)**

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

	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over years \$'000	Total \$'000
<b>31 December 2013</b>						
Trade and other payables	—	4,056	—	—	—	4,056
Due to related parties	<u>568,023</u>	<u>1,903</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>569,926</u>
	<u>—</u>	<u>5,959</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>573,982</u>
<b>31 December 2012</b>						
Trade and other payables	—	45,539	35,487	—	—	81,026
Due to related parties	<u>—</u>	<u>33,081</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>33,081</u>
	<u>—</u>	<u>78,620</u>	<u>35,487</u>	<u>—</u>	<u>—</u>	<u>114,107</u>

**(iii) Foreign currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses. Risk management in this area is active to the extent that hedging strategies are available and cost effective.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

20. Financial risk management objectives and policies (continued)

(iii) Foreign currency risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, of net profit for the year (due to changes in the fair value of monetary assets and liabilities) and the Company's equity:

2013	Increase/(decrease) in TT dollar rate	Effect on net profit \$'000	Effect on equity \$'000
US dollar	+1%	(19)	(18,841)
US dollar	-1%	19	18,841
2012	Increase/(decrease) in TT dollar rate	Effect on net profit \$'000	Effect on equity \$'000
US dollar	+1%	(40)	(40,340)
US dollar	-1%	40	40,340

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

20. Financial risk management objectives and policies (continued)

(iii) Foreign currency risk (continued)

The aggregate value of financial assets and liabilities by reporting currency are as follows:

2013	USD	TTD	Total
<b>Financial assets</b>			
Net investment in leased asset	740,730	—	740,730
Cash & short term deposits	81,765	1,066	82,831
Trade and other receivables	<u>100,890</u>	<u>—</u>	<u>100,890</u>
	<u>923,377</u>	<u>1,066</u>	<u>924,443</u>
<b>Financial liabilities</b>			
Trade and other payables	3,776	280	4,056
Due to related parties	<u>569,926</u>	<u>—</u>	<u>569,926</u>
	<u>573,702</u>	<u>280</u>	<u>573,982</u>
<b>2012</b>	<b>USD</b>	<b>TTD</b>	<b>Total</b>
<b>Financial assets</b>			
Net investment in leased asset	743,750	—	743,750
Cash & short term deposits	84,761	2,678	87,439
Restricted cash	—	—	—
Trade and other receivables	<u>16,876</u>	<u>—</u>	<u>16,876</u>
	<u>845,387</u>	<u>2,678</u>	<u>848,065</u>
<b>Financial liabilities</b>			
Trade and other payables	80,906	59	80,965
Due to related parties	<u>33,081</u>	<u>—</u>	<u>33,081</u>
	<u>113,987</u>	<u>59</u>	<u>114,046</u>

(iv) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value. The Company's overall strategy remains unchanged from 2012.



TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
(Expressed in Thousands of United States Dollars)  
(Continued)

20. **Financial risk management objectives and policies** (continued)

(iv) **Capital management** (continued)

The capital structure of the Company consists of share capital, reserves and retained earnings. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company received confirmation from its parent company that the capital structure is to be 75%: 25% effective 31 July 2013.

21. **Fair value and fair value hierarchies**

The carrying amounts of the Company's cash and cash equivalents, trade and other receivables, accounts payable and accruals and due to related parties approximate their fair value, in view of their short-term maturities of a year or less. The fair value of the financial instruments is presented below:

	Carrying amount 2013 \$'000	Fair value 2013 \$'000	Carrying amount 2012 \$'000	Fair value 2012 \$'000
<b>Financial assets:</b>				
Net investment in leased asset	740,730	1,323,130	743,750	1,320,628
Cash at bank	82,831	82,831	87,439	87,439
Accounts receivable (net)	100,890	100,890	18,431	18,431
<b>Financial liabilities:</b>				
Accounts payable and accruals	4,056	4,056	80,965	80,965
Due to related parties	569,926	569,926	33,081	33,081

The fair value of the leased asset was estimated using relevant industry and market observable data to arrive at a proxy for fair value at year end.

22. **Dividends**

On 28 November 2013, the Board of Directors of the Company approved an interim dividend of \$3 million for the year ended 31 December 2013. This has been recorded as a liability as at 31 December 2013 and charged against retained earnings for the year then ended.

On 29 October, 2014 a final dividend of \$1 million was approved by the Board in respect of 2013, thus bringing the total dividend to \$4 million for the year ended 31 December 2013.