

**TRINIDAD GENERATION UNLIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2014

(Expressed in Thousands of United States Dollars)

Ernst & Young



Building a better  
working world

TRINIDAD GENERATION UNLIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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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 2014 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.



## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF TRINIDAD GENERATION UNLIMITED  
(Continued)

### **Basis for Qualified Opinion**

The Company's inventory is stated at \$8.7 million in the statement of financial position as at 31 December 2014. Consistent with that reported in our prior year audit report, the Company did not conduct a full inventory count during the year, thus we were unable to verify the existence and completeness of the inventory items at year end or as reported for the year ended 31 December, 2013. We were unable to perform appropriate alternative audit procedures to conclude on the existence and completeness of the stated inventory balance.

### **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 present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Port of Spain  
TRINIDAD  
3 November 2015

TRINIDAD GENERATION UNLIMITED

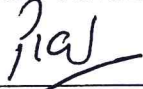
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014

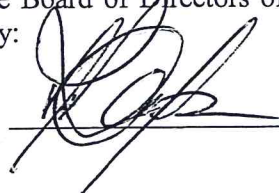
(Expressed in Thousands of United States Dollars, except where otherwise stated)

	Notes	2014 \$'000	2013 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	17,265	19,514
Net investment in leased assets	6	733,609	737,364
Deferred tax asset	17	<u>105,487</u>	<u>44,416</u>
		<u>856,361</u>	<u>801,294</u>
<b>Current assets</b>			
Cash and short-term deposits	7	91,582	82,831
Net investment in leased assets	6	3,755	3,366
Trade and other receivables	8	186,134	100,890
Tax recoverable		1,003	1,003
Inventories	9	<u>8,724</u>	<u>6,048</u>
		<u>291,198</u>	<u>194,138</u>
<b>TOTAL ASSETS</b>		<u>1,147,559</u>	<u>995,432</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	10	1	1
Capital contributions	11	189,399	189,399
Retained earnings		<u>203,024</u>	<u>134,564</u>
		<u>392,424</u>	<u>323,964</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	<u>177,786</u>	<u>93,717</u>
<b>Current liabilities</b>			
Trade and other payables	12	4,235	4,056
Dividends payable	22	4,000	3,000
Due to related parties	13	568,404	569,926
Tax payable		<u>710</u>	<u>769</u>
		<u>577,349</u>	<u>577,751</u>
<b>Total liabilities</b>		<u>755,135</u>	<u>671,468</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,147,559</u>	<u>995,432</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 3 November 2015 and signed on their behalf by:

: Director

: Director

TRINIDAD GENERATION UNLIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)

	Notes	2014 \$'000	2013 \$'000
<b>Revenue</b>			
Finance lease income		101,916	102,263
Other revenue	14	<u>3,804</u>	<u>75,567</u>
		<u>105,720</u>	<u>177,830</u>
<b>Expenses</b>			
Administrative expenses	15	(13,892)	(14,681)
Operating expenses	15	<u>(6,381)</u>	<u>(4,755)</u>
		<u>(20,273)</u>	<u>(19,436)</u>
<b>Operating profit</b>		85,447	158,394
Finance income	16	<u>7,327</u>	<u>2,139</u>
<b>Profit before tax</b>		92,774	160,533
Taxation	17	<u>(23,314)</u>	<u>(41,689)</u>
<b>Net profit for the year</b>		69,460	118,844
Other comprehensive income		<u>—</u>	<u>—</u>
<b>Total comprehensive income</b>		<u>69,460</u>	<u>118,844</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 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)

	Stated capital \$'000	Capital contributions \$'000	Retained earnings \$'000	Total \$'000
<b>Year ended 31 December 2014</b>				
Balance at 1 January 2014	1	189,399	134,564	323,964
Dividends proposed (note 22)	—	—	(1,000)	(1,000)
Total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>69,460</u>	<u>69,460</u>
Balance at 31 December 2014	<u><u>1</u></u>	<u><u>189,399</u></u>	<u><u>203,024</u></u>	<u><u>392,424</u></u>
<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 11)	—	(568,023)	—	(568,023)
Dividends proposed (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>

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

TRINIDAD GENERATION UNLIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)

	Notes	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>			
Profit before taxation		92,774	160,533
Adjustments for:			
Depreciation	5	1,858	1,893
Other movements		(264)	-
Loss on disposal of fixed assets		664	-
Interest income	16	(7,081)	(2,016)
Finance lease collections		<u>3,366</u>	<u>3,019</u>
<b>Operating profit before changes in working capital</b>		91,317	163,429
Increase in trade and other receivables		(78,484)	(82,459)
Increase in inventories		(2,676)	(1,530)
Decrease in amounts due to related parties (excluding transfers from equity)		(1,522)	(30,913)
Increase/(decrease) in trade and other payables		<u>179</u>	<u>(80,141)</u>
<b>Cash generated from/(used in) operations</b>		8,814	(31,614)
Interest received		321	2,016
Tax paid		<u>(111)</u>	<u>(108)</u>
<b>Net cash generated from/(used in) operations</b>		<u>9,024</u>	<u>(29,706)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment	5	(273)	(4,902)
Investment in short term deposits		<u>(10,000)</u>	<u>(25,000)</u>
<b>Net cash used in investing activities</b>		<u>(10,273)</u>	<u>(29,902)</u>
<b>Cash flows from financing activity</b>			
Capital contributions		<u>-</u>	<u>30,000</u>
<b>Net cash generated from financing activity</b>		<u>-</u>	<u>30,000</u>
<b>Net decrease in cash and cash equivalents</b>		(1,249)	(29,608)
<b>Cash and cash equivalents</b>			
- at the beginning of the year		<u>32,831</u>	<u>62,439</u>
- at the end of the year	7	<u>31,582</u>	<u>32,831</u>
<b>Non-cash transactions:</b>			
Capital reduction	11	<u>-</u>	<u>568,023</u>
		<u>-</u>	<u>568,023</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 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

### 1. Corporate information

Trinidad Generation Unlimited (“TGU” or “the Company”) was incorporated in December 2006, and resides 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.

The Company is wholly owned by Union Estate Electricity Generation Company Limited (“UEEGCL”), an entity controlled by the Government of the Republic of Trinidad and Tobago (“GORTT”).

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 in La Brea, Trinidad, 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”.

### 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).

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)  
(Continued)

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

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 International Financial Reporting Interpretations (IFRIC) effective as of 1 January 2014:

**Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Company.

**Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32**

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Company, since the Company has no offsetting arrangements.

**Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Company.

**IFRIC 21 Levies**

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Company as it has applied the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of IFRIC 21 in prior years.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

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

b. **Changes in accounting policy and disclosures** (continued)

**Annual Improvements 2010-2012 Cycle**

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Company.

**Annual Improvements 2011-2013 Cycle**

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Company, since the Company is an existing IFRS preparer.

c. **Foreign currency translation**

The financial statements are presented in United States 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 United States dollars) 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.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)  
(Continued)

2. Significant accounting policies (continued)

d. 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 $\frac{1}{9}$

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 e). This evaluation has resulted in the recognition of a leased asset related to the power plant. See Note 6.

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.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)  
(Continued)

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

e. **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 a straight line basis 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.

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".

f. **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.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

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

**f. Financial instruments (continued)**

*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.

**g. 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.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

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

**h. 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.

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.

**i. 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.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)  
(Continued)

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

**j. 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.

**k. 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.

**l. 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.

**m. 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.



TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)

(Continued)

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

**n. 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.

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.

**o. Stated capital**

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

**p. Capital contributions**

The funds provided by the shareholder (UEEGCL) 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.

**q. Dividends proposed**

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

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)  
(Continued)

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

**r. Comparative information**

Where necessary, comparative information has been reclassified to conform to changes in presentation in the current year. These reclassifications relate to the reclassification of expenses from operating to administrative based on the nature and have no effect on Net Income for the current or previous year.

**3. 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.

**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 land 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.

## TRINIDAD GENERATION UNLIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Thousands of United States Dollars, except where otherwise stated)  
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#### 3. Significant accounting estimates, assumptions and judgments (continued)

##### 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.

#### 4. Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions – Effective 1 July 2014
- IFRS 14, 'Regulatory Deferral Accounts' – Effective 1 January 2016
- Amendments to IFRS 11 – Accounting for Acquisition of Interests in Joint Operations – Effective 1 January 2016
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – Effective 1 January 2016
- IFRS 15, 'Revenue from Contracts with Customers' – Effective 1 January 2017

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

The Company is currently assessing the potential impact of these new standards and interpretations.

*Annual Improvements to IFRSs 2010-2012 Cycle – Published December 2013*

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards and are not expected to have a material impact on the financial statements:

- IFRS 2, 'Share-based Payment'
- IFRS 3, 'Business Combinations'
- IFRS 8, 'Operating Segments'
- IFRS 13, 'Fair Value Measurement'
- IAS 16, 'Property, Plant and Equipment'
- IAS 24, 'Related Party Disclosures'
- IAS 38, 'Intangible Assets'

These improvements are effective for annual periods beginning on or after 1 July 2014.

*Annual Improvements to IFRSs 2011-2013 Cycle – Published December 2013*

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards and are not expected to have a material impact on the consolidated financial statements:

- IFRS 1, 'First-time Adoption of International Financial Reporting Standards'
- IFRS 3, 'Business Combinations'
- IFRS 13, 'Fair Value Measurement'
- IAS 40, 'Investment Property'

These improvements are effective for annual periods beginning on or after 1 July 2014.

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NOTES TO THE FINANCIAL STATEMENTS  
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(Expressed in Thousands of United States Dollars, except where otherwise stated)

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5. **Property, plant and equipment**

	<b>Machinery &amp; equipment \$'000</b>	<b>Other assets \$'000</b>	<b>Capital spares \$'000</b>	<b>2014 Total \$'000</b>	<b>2013 Total \$'000</b>
<b>Cost</b>					
Balance at 1 January	1,333	1,990	18,673	21,996	17,094
Additions	67	206	—	273	4,902
Disposals and other movements	—	—	(664)	(664)	—
Balance at 31 December	<u>1,400</u>	<u>2,196</u>	<u>18,009</u>	<u>21,605</u>	<u>21,996</u>
<b>Accumulated depreciation</b>					
Balance at 1 January	208	615	1,659	2,482	589
Charge for the year	<u>134</u>	<u>233</u>	<u>1,491</u>	<u>1,858</u>	<u>1,893</u>
Balance at 31 December	<u>342</u>	<u>848</u>	<u>3,150</u>	<u>4,340</u>	<u>2,482</u>
Net book value	<u>1,058</u>	<u>1,348</u>	<u>14,859</u>	<u>17,265</u>	<u>19,514</u>

	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>6. Investment in leased assets</b>		
Finance lease - gross investment	2,800,694	2,905,983
Less: Unearned finance income	<u>(2,063,330)</u>	<u>(2,165,253)</u>
Net investment in leased asset	737,364	740,730
Less amounts due within one year	<u>(3,755)</u>	<u>(3,366)</u>
	<u>733,609</u>	<u>737,364</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

**6. Investment in leased assets (continued)**

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:

	2014		2013	
	Gross investment \$'000	Present value of receivable \$'000	Gross investment \$'000	Present value of receivable \$'000
Within 1 year	105,289	3,755	105,289	3,366
1 to 5 years	421,445	20,478	421,445	18,305
Over 5 years	<u>2,273,959</u>	<u>713,131</u>	<u>2,379,249</u>	<u>719,059</u>
	<u>2,800,693</u>	<u>737,364</u>	<u>2,905,983</u>	<u>740,730</u>

7. Cash and short-term deposits	2014	2013
	\$'000	\$'000
Cash at bank	31,582	32,831
Short-term deposits	<u>60,000</u>	<u>50,000</u>
	<u>91,582</u>	<u>82,831</u>

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

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7. **Cash and short-term deposits** (continued)

Short-term deposits include US dollar denominated deposits with maturity dates of 1 year. (2013: 1 year) with interest rates ranging from 0.32% per annum to 0.65% (2013: 0.32% per annum to 0.50% per annum).

For the purpose of the statement of cash flows, cash and cash equivalents comprise:	<b>2014</b> <b>\$'000</b>	<b>2013</b> <b>\$'000</b>
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Cash at bank	<u>31,582</u>	<u>32,831</u>
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8. **Trade and other receivables**

Trade receivables – T&TEC	168,792	88,488
Accrued revenues – T&TEC	17,323	11,703
Prepayments and other receivables	<u>19</u>	<u>699</u>
	<u>186,134</u>	<u>100,890</u>

Trade receivables and accrued revenues of \$186,115 (2013: \$100,191) are in respect of amounts due from a related party (Refer to note 13).

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

	<b>Total</b>	<b>Current</b>	<b>Past due but not impaired</b>		
			<b>&gt;30 to 60 days</b>	<b>&gt;60 to 90 days</b>	<b>&gt; 90 days</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2014</b>	186,115	15,637	14,200	7,685	148,593
<b>2013</b>	100,191	9,893	10,959	7,891	72,448

TGU has not provided an allowance for the doubtful amounts on the above past due accounts receivable balances from T&TEC as all such payments were received by TGU subsequent to year end (refer to note 23).

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

		2014	2013
		\$'000	\$'000
<b>9.</b>	<b>Inventories</b>		
	Spare parts	8,406	6,048
	Materials in transit	<u>318</u>	<u>—</u>
		<u>8,724</u>	<u>6,048</u>
<b>10.</b>	<b>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>11.</b>	<b>Capital contributions</b>		
	Union Estate Electricity Generation Company Limited (UEEGCL)	<u>189,399</u>	<u>189,399</u>
	<p>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 &amp; 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 13).</p>		
<b>12.</b>	<b>Trade and other payables</b>	<b>2014</b>	<b>2013</b>
		<b>\$'000</b>	<b>\$'000</b>
	Trade payables	352	792
	Other payables	<u>3,883</u>	<u>3,264</u>
		<u>4,235</u>	<u>4,056</u>

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



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**13. 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.

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>2014</b>	<b>2013</b>
<b>Due to related parties</b>	<b>\$'000</b>	<b>\$'000</b>
Government of the Republic of Trinidad and Tobago	59	59
National Energy Corporation	322	322
Union Estate Electricity Generation Company Limited (UEEGCL)	<u>568,023</u>	<u>569,545</u>
	<u>568,404</u>	<u>569,926</u>

The amount due to UEEGCL of \$568,023 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 (Note 8)	<u>186,115</u>	<u>100,191</u>
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NOTES TO THE FINANCIAL STATEMENTS  
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(Expressed in Thousands of United States Dollars, except where otherwise stated)  
(Continued)

		2014	2013
		\$'000	\$'000
<b>13. Related parties (continued)</b>			
	<b>Purchases from related parties</b>		
	National Energy Corporation of Trinidad & Tobago		
	- Lease rental	<u>334</u>	<u>334</u>
	<b>Sales to related parties</b>		
	Trinidad and Tobago Electricity Commission	<u>105,720</u>	<u>104,592</u>
	<b>Compensation of key management personnel</b>		
	Short-term employee benefits	<u>856</u>	<u>742</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 expensed during the year is shown above.

		2014	2013
		\$'000	\$'000
<b>14. Other revenue</b>			
	Capacity revenues – CPI adjustment	3,603	2,166
	Energy delivered revenues	201	163
	Liquidated damages – Non availability (see note below)	<u>—</u>	<u>73,238</u>
		<u>3,804</u>	<u>75,567</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. In 2013, the Company was awarded a settlement sum of US \$73.2 million which represents the full claim by the Company in the amount of US \$106.2 million net of US \$33 million for settlement of other contract issues.

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15. Expenses	2014 \$'000	2013 \$'000
<b>Administrative expenses</b>		
Salaries and wages	5,059	4,339
Insurance	3,402	4,322
Depreciation	1,858	1,893
Professional and legal fees	1,181	1,742
Events and community work	854	606
Rent	397	396
Travel and motor vehicle expenses	526	653
IT expenses	360	203
Utilities	120	202
Office supplies	53	117
Other	<u>82</u>	<u>208</u>
	<u>13,892</u>	<u>14,681</u>
<b>Operating expenses</b>		
Parts and supplies	(50)	1,073
Contracted services	1,620	946
Contract labour	1,820	815
Training	334	678
Security	270	294
Calibration and testing	121	118
Tools and equipment	120	64
Equipment rental	99	63
Workshop expenses	25	6
Other	<u>2,022</u>	<u>698</u>
	<u>6,381</u>	<u>4,755</u>
<b>16. Finance income</b>		
	2014 \$'000	2013 \$'000
Interest income	7,081	2,016
Bank charges	(5)	(13)
Financing fees	-	2
Gain on foreign exchange	<u>251</u>	<u>134</u>
	<u>7,327</u>	<u>2,139</u>

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	2014 \$'000	2013 \$'000
<b>17. Taxation</b>		
Taxation charge for the year:		
Business levy	211	356
Green fund levy	106	178
Deferred tax	<u>22,997</u>	<u>41,155</u>
	<u>23,314</u>	<u>41,689</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	<u>92,774</u>	<u>160,533</u>
Income taxes thereon at the rate of 25%	23,194	40,133
Tax effect of non-deductible expenses	111	593
Tax effect of income not taxable/allowances	(125)	(254)
Business levy	211	356
Green fund levy	106	178
Other	<u>(183)</u>	<u>683</u>
	<u>23,314</u>	<u>41,689</u>
Significant components of deferred tax are as follows:		
<b>Deferred tax asset:</b>		
Tax losses	<u>105,487</u>	<u>44,416</u>
<b>Deferred tax liabilities:</b>		
Finance lease	177,453	93,385
Property, plant and equipment	<u>333</u>	<u>332</u>
	<u>177,786</u>	<u>93,717</u>

The Company has unutilized tax losses of \$421.9 million (2013: \$177.7 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 or prior year.

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**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 2014 (2013: \$333,900 dollars).

The Company also holds operating leases for its motor vehicles. The motor vehicle lease expense of \$198,322 dollars is recorded in administrative expenses for the year ended 31 December 2014 (2013: \$223,309 dollars).

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

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	507	390
After one year but not more than five years	1,548	1,578
More than five years	<u>6,344</u>	<u>6,678</u>
	<u>8,399</u>	<u>8,846</u>

**19. Commitments**

**Capital commitments**

As at 31 December 2014, the Company has approved 3 contracts for commencement in 2015: the total value being \$12.627 million (2013: Nil).

**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 20 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.

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**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 year end. The maximum exposure to credit risk for the components of the statement of financial position is shown below:

	<b>Gross maximum exposure 2014 \$'000</b>	<b>Gross maximum exposure 2013 \$'000</b>
Net investment in leased assets	737,364	740,730
Cash and short-term deposits	91,582	82,831
Trade and other receivables	<u>186,115</u>	<u>100,191</u>
	<u>1,015,061</u>	<u>923,752</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 \$186 million (2013: \$100 million) 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.

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(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 2014</b>						
Trade and other payables	–	4,235	–	–	–	4,235
Due to related parties	<u>568.023</u>	<u>381</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>568.404</u>
	<u>568.023</u>	<u>4,616</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>572.639</u>
<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>568.023</u>	<u>5,959</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>573.982</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.

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(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:

2014	Increase/(decrease) in TT dollar rate	Effect on net profit \$'000	Effect on equity \$'000
US dollar	+1%	(161)	(161)
US dollar	-1%	161	161
<b>2013</b>			
US dollar	+1%	(19)	(19)
US dollar	-1%	19	19

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

2014	USD \$'000	TTD \$'000	Total \$'000
<b>Financial assets</b>			
Net investment in leased assets	737,364	—	737,364
Cash & short term deposits	81,747	9,835	91,582
Trade and other receivables	<u>186,115</u>	<u>—</u>	<u>186,115</u>
	<u>1,005,226</u>	<u>9,835</u>	<u>1,015,046</u>
<b>Financial liabilities</b>			
Trade and other payables	4,070	165	4,235
Due to related parties	<u>568,023</u>	<u>381</u>	<u>568,404</u>
	<u>572,093</u>	<u>546</u>	<u>572,639</u>



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

(iii) **Foreign currency risk** (continued)

<b>2013</b>	<b>USD</b>	<b>TTD</b>	<b>Total</b>
<b>Financial assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net investment in leased assets	740,730	—	740,730
Cash & short term deposits	81,765	1,066	82,831
Trade and other receivables	<u>100,191</u>	<u>—</u>	<u>100,191</u>
	<u>922,696</u>	<u>1,066</u>	<u>923,752</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>

(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 2013.

The capital structure of the Company consists of share capital, capital contributions 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, debt to equity.

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(Expressed in Thousands of United States Dollars, except where otherwise stated)  
(Continued)

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

The carrying amounts of the Company's cash and short-term deposits, trade and other receivables, trade and other payables 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:

	<b>Carrying amount 2014 \$'000</b>	<b>Fair value 2014 \$'000</b>	<b>Carrying amount 2013 \$'000</b>	<b>Fair value 2013 \$'000</b>
<b>Financial assets:</b>				
Net investment in leased asset	737,364	1,291,493	740,730	1,323,130
Cash and short-term deposits	91,582	91,582	82,831	82,831
Trade and other receivables	186,115	186,115	100,191	100,191
<b>Financial liabilities:</b>				
Trade and other payables	4,235	4,235	4,056	4,056
Due to related parties	568,404	568,404	569,926	569,926

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 proposed**

In 2013 the Board of Directors approved an interim dividend of \$3 million for the year ended 31 December 2013. On 29 October 2014, a final dividend of \$1 million (dividend per share of \$1 thousand dollars) was approved by the Board in respect of 2013, thus bringing the total dividend to \$4 million (dividend per share of \$4 thousand dollars) for the year ended 31 December 2013. This final dividend has been recorded as a liability as at 31 December 2014 and charged against retained earnings for the year then ended. Both the 2013 interim and final dividends remain unpaid as at year end.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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**23. Subsequent events**

**i. Dividends declared**

On 25 August, 2015 a final dividend of \$222 million (dividend per share of \$222 thousand dollars) was approved by the Board in respect of the years ended 31 December 2014 and the period up to 30 June 2015; these amounts have not been recorded as a liability in the current year 2014.

**ii. T&TEC receivable**

Subsequent to the statement of financial position date, as at 25 August 2015, TGU has received \$253 million from T&TEC, as full settlement of the amounts owed inclusive of interest, as well as a prepayment on future energy delivered expected to cover part of the period up to 1 October 2015.

**iii. Financing**

In July 2015 the Board of Directors approved and invited bids for long term financing in the amount of US \$600 Million for the purpose of repaying the amount owed to the parent company (UEEGCL) in the sum of \$568 million, as stated in Note 13.

On 30 September, 2015 the Company entered into a one (1) year loan agreement with First Citizens Bank Limited as a bridge facility to the intended long term financing. The amount of this facility was Trinidad and Tobago dollars \$960 million (the equivalent of \$150 million US dollars).

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