

TRINIDAD GENERATION UNLIMITED

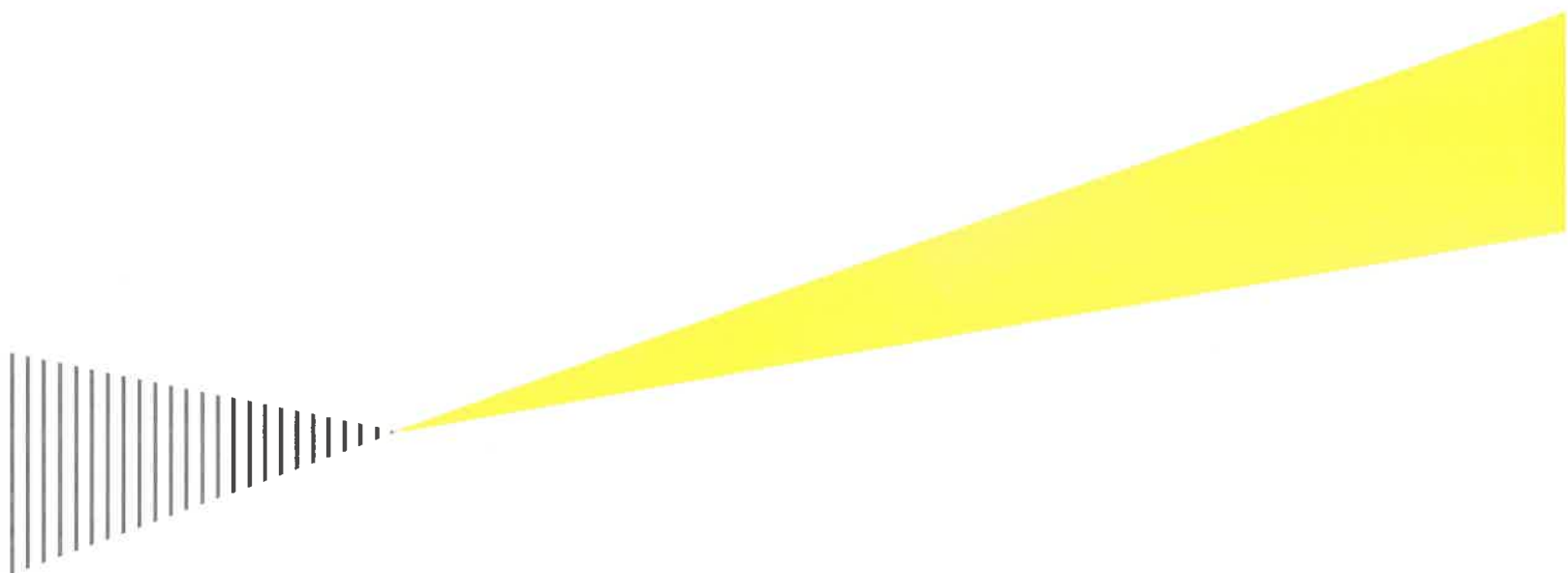
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019

(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 2019

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF TRINIDAD GENERATION UNLIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Trinidad Generation Unlimited ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. We have determined that there are no key audit matters to communicate in our report.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF TRINIDAD GENERATION UNLIMITED

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF TRINIDAD GENERATION UNLIMITED

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

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

The engagement partner in charge of the audit resulting in this independent auditor's report is Sheldon Griffith.



Port of Spain
TRINIDAD
31 January 2020

TRINIDAD GENERATION UNLIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

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

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	46,075	46,847
Net investment in leased assets	6	706,148	713,117
Right of use assets	8	7,112	—
Deferred tax assets	19	<u>45,918</u>	<u>58,898</u>
		<u>805,253</u>	<u>818,862</u>
Current assets			
Cash and short-term deposits	7	112,586	126,344
Net investment in leased assets	6	6,969	5,928
Trade and other receivables	9	125,898	77,809
Inventories	10	<u>16,979</u>	<u>14,291</u>
		<u>262,432</u>	<u>224,372</u>
TOTAL ASSETS		<u>1,067,685</u>	<u>1,043,234</u>

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

TRINIDAD GENERATION UNLIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

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

(Continued)

	Notes	2019 \$'000	2018 \$'000
EQUITY AND LIABILITIES			
Equity			
Stated capital	11	189,400	189,400
Retained earnings		<u>50,513</u>	<u>34,345</u>
		<u>239,913</u>	<u>223,745</u>
Non-current liabilities			
Deferred tax liabilities	19	220,968	222,596
Lease liabilities	8	7,094	—
Long term bond	15	<u>584,725</u>	<u>583,204</u>
		<u>812,787</u>	<u>805,800</u>
Current liabilities			
Lease liabilities	8	176	—
Trade and other payables	12	14,809	12,944
Accruals	13	<u>—</u>	<u>745</u>
		<u>14,985</u>	<u>13,689</u>
Total liabilities		<u>827,772</u>	<u>819,489</u>
TOTAL EQUITY AND LIABILITIES		<u>1,067,685</u>	<u>1,043,234</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 31 January 2020 and signed on their behalf by:

 : Director

 : Director

TRINIDAD GENERATION UNLIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	2019 \$'000	2018 \$'000
Revenue			
Finance lease income		99,361	99,993
Other revenue	16	<u>3,401</u>	<u>5,899</u>
		<u>102,762</u>	<u>105,892</u>
Expenses			
Administrative expenses	17 (a)	(17,888)	(20,163)
Operating expenses	17 (b)	<u>(13,914)</u>	<u>(9,885)</u>
		<u>(31,802)</u>	<u>(30,048)</u>
Operating profit		70,960	75,844
Finance expenses	18	(39,198)	(38,567)
Finance income	18	<u>6,471</u>	<u>4,455</u>
Profit before tax		38,233	41,732
Taxation	19	<u>(12,065)</u>	<u>(13,479)</u>
Net profit for the year		26,168	28,253
Other comprehensive income		<u>—</u>	<u>—</u>
Total comprehensive income		<u>26,168</u>	<u>28,253</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 2019

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

	Stated capital \$'000	Retained earnings \$'000	Total \$'000
Year ended 31 December 2019			
Balance at 1 January 2019	189,400	34,345	223,745
Comprehensive income for the year	—	26,168	26,168
Dividends proposed and paid (Note 24)	<u>—</u>	<u>(10,000)</u>	<u>(10,000)</u>
Balance at 31 December 2019	<u>189,400</u>	<u>50,513</u>	<u>239,913</u>
Year ended 31 December 2018			
Balance at 1 January 2018	189,400	16,092	205,492
Comprehensive income for the year	—	28,253	28,253
Dividends proposed and paid (Note 24)	<u>—</u>	<u>(10,000)</u>	<u>(10,000)</u>
Balance at 31 December 2018	<u>189,400</u>	<u>34,345</u>	<u>223,745</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 2019

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

	Notes	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Profit before taxation		38,233	41,732
Adjustments for:			
Depreciation of property, plant and equipment	5	6,705	8,076
Depreciation of right of use assets	8	336	—
Foreign exchange gains	18	(215)	(232)
Amortized discount and transaction costs	18	1,521	1,339
Other movements		505	2,389
Finance expense (net)		<u>31,421</u>	<u>34,156</u>
Operating profit before changes in working capital		78,506	87,460
Increase in trade and other receivables		(41,980)	(38,109)
(Decrease)/increase in accruals		(745)	745
Increase in inventories		(2,688)	(1,204)
Increase/(decrease) in trade and other payables		<u>1,871</u>	<u>(2,430)</u>
Net cash generated from operations		34,964	46,462
Interest received		558	1,979
Interest paid		(37,677)	(37,052)
Finance lease collections		5,929	5,296
Tax paid		<u>(713)</u>	<u>(667)</u>
Net cash generated from operations		<u>3,061</u>	<u>16,018</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 2019

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

(Continued)

	Notes	2019 \$'000	2018 \$'000
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(6,641)	(1,361)
Maturity of short term deposits		<u>—</u>	<u>885</u>
Net cash used in investing activities		<u>(6,641)</u>	<u>(476)</u>
Cash flows from financing activities			
Principal payments of lease liability		(178)	—
Dividends paid	24	<u>(10,000)</u>	<u>(10,000)</u>
Net cash used in financing activities		<u>(10,178)</u>	<u>(10,000)</u>
Net (decrease)/increase in cash and cash equivalents		(13,758)	5,542
Cash and cash equivalents			
- at the beginning of the year		<u>111,344</u>	<u>105,802</u>
- at the end of the year	7	<u>97,586</u>	<u>111,344</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 2019

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

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 the National Investment Fund Holding Company Limited (“NIFHCL”), 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 NIFHCL.

TGU owns, operates and maintains 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 IFRS 16: “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).

b. Accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company’s financial statements for the year ended 31 December 2018, except for the standards and interpretations effective as of 1 January 2019.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

b. Accounting policies (continued)

New and amended standards and interpretations

The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

The nature and the effect of the new standards are disclosed below. Although these new standards and amendments applied for the first time in 2019, they did not have a material impact on the financial statements of the Company. The nature and the impact of each new standard or amendment are described below:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a Single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). All such leases under the recognition exemption are expensed.

The effect of adopting IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

b. Accounting policies (continued)

New and amended standards and interpretations (continued)

IFRS 16 Leases (continued)

	\$'000
Assets	
Right-of-use assets	7,448
Liabilities	
Lease liabilities	7,448
Total adjustment on equity:	
Retained earnings	—

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	\$'000
Operating lease commitments as at 31 December 2018	9,812
Weighted average incremental borrowing rate as at 1 January 2019	7.8%
Discounted operating lease commitments at 1 January 2019	7,448
Less: Commitments relating to short-term leases	<u>(102)</u>
Lease liabilities as at 1 January 2019	<u>7,346</u>

The Company has lease contracts for motor vehicles and lease property. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of comprehensive income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under trade and other receivables and trade and other payables, respectively.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

b. Accounting policies (continued)

New and amended standards and interpretations (continued)

IFRS 16 Leases (continued)

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

Leases previously classified as finance leases

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Right-of-use assets

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

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

b. Accounting policies (continued)

New and amended standards and interpretations (continued)

IFRS 16 Leases (continued)

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of office floor lease and a few of the motor vehicle leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Interpretation did not have an impact on the financial statements of the Company.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

b. Accounting policies (continued)

New and amended standards and interpretations (continued)

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

2. Significant accounting policies (continued)

b. Accounting policies (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 28: Long-term interests in associates and joint ventures (continued)

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the financial statements as the Company does not have long-term interests in its associate and joint venture.

Annual Improvements 2015 – 2017 Cycle

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the financial statements of the Company as the Company had no business combination transaction.

IFRS 11 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

b. Accounting policies (continued)

New and amended standards and interpretations (continued)

Annual Improvements 2015 – 2017 Cycle (continued)

IFRS 11 *Joint Arrangements* (continued)

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the financial statements of the Company as there is no transaction where a joint control is obtained.

c. Foreign currency translation

These 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 2019

(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 if any.

Depreciation is charged on a straight line basis at rates estimated to write off the assets over their estimated useful life, 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 (CWIP) represents on-going capital works which were not completed at the period end and therefore not depreciated.

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). The PPA was evaluated in accordance with the provisions of IFRIC 4 'Determining whether an arrangement contains a lease' and subsequently IFRS 16. This evaluation has resulted in the recognition of a leased asset related to the power plant (Refer to 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 recognized is derecognized 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 interim statement of comprehensive income when the asset is derecognized.

Major Maintenance of the plant including replacement spares and labour costs, is capitalized and amortized on a straight line basis over nine (9) to sixteen (16) years.

e. Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, receivables, payables, short term deposits and borrowings. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

e. Financial instruments (continued)

Financial instruments - initial recognition

Financial assets and liabilities, with the exception of loans, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL), transaction costs are added to, or subtracted from, this amount.

Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

e. Financial instruments (continued)

Financial instruments - initial recognition (continued)

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The liabilities (and assets until 1 January 2018 under IAS 39) are part of the Company's financial liabilities (or financial assets, or both under IAS 39), which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities (and assets until 1 January 2018 under IAS 39) containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the separate statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using the contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

2. Significant accounting policies (continued)

e. Financial instruments (continued)

Financial instruments - initial recognition (continued)

Financial assets and financial liabilities at fair value through profit or loss (continued)

Derecognition of financial assets and liabilities

Financial assets

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

Financial liabilities

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

f. 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 amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized 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 recognized 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 recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

f. Impairment of financial assets (continued)

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-recognized when they are assessed as uncollectible.

g. 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 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 recognized 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 recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

h. Cash and cash equivalents

Cash and short-term deposits are comprised of cash held in depository bank accounts and one year term deposits held 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.

i. 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.

The Company has assessed the Expected Credit Loss (ECL) associated with its trade receivables and has determined that no provision is required at year end.

j. 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.

k. Trade and other payables

Liabilities for trade and other payables which are normally settled on 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.

l. 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.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

l. Revenue recognition (continued)

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.

m. 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.

n. Stated capital

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

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

2. Significant accounting policies (continued)

o. Long term bond

Long term bond was initially recognized at the fair value of the consideration received less directly attributable costs. After initial recognition, the long term bond was subsequently measured at amortized cost using the effective interest rate method. Gains and losses shall be recognized in profit or loss when the long term bond is derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance expense in the statement of comprehensive income.

p. Fair value measurement

Fair values of financial instruments measured at amortised cost are disclosed in Note 23. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company.

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

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

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

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

p. Fair value measurement (continued)

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

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

See Note 23 for further details on the valuation techniques and inputs used to determine the fair value of financial instruments disclosed.

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

q. Dividends proposed

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

r. Leases

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

Company as Lessee

The Company accounts for all leases based on the accounting policy described in Note 2b (IFRS 16 “Leases”).

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

2. Significant accounting policies (continued)

r. Leases (continued)

Company as Lessor

Leases where the lessor effectively retains substantially all risks and rewards of ownership of the leased asset are classified as operating leases. 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 IFRS 16 "Leases".

s. Comparative Information

Certain changes in presentation have been made in relation to comparative information to be consistent with changes in presentation made in the current year. These changes had no impact on profit before tax or net assets as reported in the prior 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 the 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 amount 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 recognized in the financial statements.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

3. Significant accounting estimates, assumptions and judgments (continued)

Judgments (continued)

Lease commitments – Company as lessee

The Company has entered into short term office leases. In the prior year (in accordance with IAS 17: “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. Upon adoption of IFRS 16 in the current year, the Company has applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets.

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.

Determining the lease term of contracts with renewal options

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

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

The Company included the renewal period as part of the lease term for the lease of the lease property that houses the power plant, due to the significance of these assets to its operations. The renewal options for leases of motor vehicles were not included as part of the lease term because the Company has a policy of leasing motor vehicles for not more than five years and hence not exercising any renewal options.

Determining the incremental borrowing rate

The present value of the lease payments of the lease property is determined using the discount rate representing the Company’s incremental borrowing rate. This rate represents the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Significant judgement was applied to determine the incremental borrowing rate.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

Provision for impairment of Trade Receivables

Management exercises judgement in determining the adequacy for provisions for trade receivables for which collections are considered doubtful. Judgement is used in the assessment of the extent of recoverability of long outstanding balances. Actual outcomes may be materially different from the provision established by Management.

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 the issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- IFRS 17 'Insurance Contracts' - Effective for annual periods beginning on or after 1 January 2021.
- Amendments to IFRS 3 – Definition of a business – Effective for annual periods beginning on or after 1 January 2020.
- Amendments to IAS 1 and IAS 8 – Definition of material – Effective for annual periods beginning on or after 1 January 2020

TRINIDAD GENERATION UNLIMITED

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

(Continued)

5. Property, plant and equipment

	Machinery & equipment \$'000	Other assets \$'000	Capital spares \$'000	Capital work in progress (CWIP) \$'000	Total \$'000
Cost					
Balance at 1 January 2018	16,924	15,180	38,609	207	70,920
Additions	103	9	586	663	1,361
Disposals and other movements	—	—	(5,569)	—	(5,569)
Balance at 31 December 2018	17,027	15,189	33,626	870	66,712
Additions	—	1,989	4,250	402	6,641
Transfers from CWIP	952	260	—	(1,212)	—
Disposals and other movements	—	—	(776)	—	(776)
Balance at 31 December 2019	<u>17,979</u>	<u>17,438</u>	<u>37,100</u>	<u>60</u>	<u>72,577</u>
Accumulated depreciation					
Balance at 1 January 2018	1,836	5,053	8,127	—	15,016
Charge for the year (Note 17a)	787	4,022	3,267	—	8,076
Disposals and other movements	—	—	(3,227)	—	(3,227)
Balance at 31 December 2018	2,623	9,075	8,167	—	19,865
Charge for the year (Note 17a)	912	3,605	2,188	—	6,705
Disposals and other movements	—	—	(68)	—	(68)
Balance at 31 December 2019	<u>3,535</u>	<u>12,680</u>	<u>10,287</u>	<u>—</u>	<u>26,502</u>
Net book value					
Balance at 31 December 2019	<u>14,444</u>	<u>4,758</u>	<u>26,813</u>	<u>60</u>	<u>46,075</u>
Balance at 31 December 2018	<u>14,404</u>	<u>6,114</u>	<u>25,459</u>	<u>870</u>	<u>46,847</u>

Additions to property plant and equipment recorded in the statement of financial position as at 31 December 2019 amounted to \$6.641 million (2018: \$1.361 million). Depreciation charge recorded in the statement of comprehensive income for the year ended 31 December 2019 amounted to \$6.705 million (2018: \$8.076 million) and is recorded within administrative expenses.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(Continued)

	2019 \$'000	2018 \$'000
6. Investment in leased assets		
Finance lease - gross investment	2,273,959	2,379,248
Less: Unearned finance income	<u>(1,560,842)</u>	<u>(1,660,203)</u>
Net investment in leased asset	713,117	719,045
Less amounts due within one year	<u>(6,969)</u>	<u>(5,928)</u>
	<u>706,148</u>	<u>713,117</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 reassessed as under IFRS 16: "Leases" as at 1 January 2019. 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:

	2019		2018	
	Gross investment \$'000	Present value of receivable \$'000	Gross investment \$'000	Present value of receivable \$'000
Within 1 year	105,578	6,969	105,289	5,928
1 to 5 years	421,445	36,384	527,023	43,353
Over 5 years	<u>1,746,936</u>	<u>669,764</u>	<u>1,746,936</u>	<u>669,764</u>
	<u>2,273,959</u>	<u>713,117</u>	<u>2,379,248</u>	<u>719,045</u>

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	2019	2018
	\$'000	\$'000
7. Cash and short-term deposits		
Cash at bank	97,586	111,344
Short-term deposits	<u>15,000</u>	<u>15,000</u>
	<u>112,586</u>	<u>126,344</u>

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

Short-term deposits include US dollar and TT dollar denominated deposits with maturity dates of 1 year (2018: 1 year) with interest rates of 2.75% per annum (2018: 2.75% per annum).

For the purpose of the statement of cash flows, cash and cash equivalents comprise:	2019	2018
	\$'000	\$'000
Cash at bank	<u>97,586</u>	<u>111,344</u>

8. Right of use assets and Lease liabilities

Set out below, are the carrying amounts of the Company's right-of-use assets and the movements during the year:

	Lease property	Motor vehicles	Total
	\$'000	\$'000	\$'000
As at 1 January 2019	7,072	376	7,448
Additions	—	—	—
Depreciation expense (Note 17a)	(202)	(134)	(336)
Principal payments	<u>—</u>	<u>—</u>	<u>—</u>
As at 31 December 2019	<u>6,870</u>	<u>242</u>	<u>7,112</u>

The Company recognised rent expense from short-term leases of \$159 for the year ended 31 December 2019 within administrative expenses. Also recorded in the statement of comprehensive income are depreciation expense on right of use assets of \$336 within administrative expenses and interest expense of \$434 on leases within finance expenses.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

8. Right of use assets and Lease liabilities (continued)

Set out below, are the carrying amounts of lease liabilities and the movements during the year:

	2019 \$'000	2018 \$'000
As at 1 January	7,448	—
Additions	—	—
Accretion of interest	434	—
Payments	<u>(612)</u>	<u>—</u>
As at 31 December 2019	<u><u>7,270</u></u>	<u><u>—</u></u>

The lease liability is presented on the statement of financial position as follows:

As at 31 December 2019		
Non-current	7,094	—
Current	<u>176</u>	<u>—</u>
	<u><u>7,270</u></u>	<u><u>—</u></u>

9. Trade and other receivables

Trade receivables – T&TEC (Note 14)	114,433	64,563
Accrued revenues – T&TEC (Note 14)	9,486	11,772
Prepayments and other receivables	1,898	1,393
Tax recoverable	<u>81</u>	<u>81</u>
	<u><u>125,898</u></u>	<u><u>77,809</u></u>

Trade receivables and accrued revenues of \$123,919 (2018: \$76,335) are in respect of amounts due from a related party.

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

	Total \$'000	Current \$'000	Past due but not impaired		
			>30 to 60 days \$'000	>60 to 90 days \$'000	> 90 days \$'000
2019	123,919	21,885	8,780	9,280	83,974
2018	76,335	21,928	9,650	9,288	35,469

TRINIDAD GENERATION UNLIMITED

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

(Continued)

	2019	2018
	\$'000	\$'000
10. Inventories		
Spare parts	16,448	14,291
Materials in transit	<u>531</u>	<u>—</u>
	<u>16,979</u>	<u>14,291</u>

11. Stated capital

Authorized

Unlimited number of Ordinary shares at par value

Issued and fully paid

189,400,000 (2018: 189,400,000) Ordinary shares at no par value

189,400 189,400

	2019	2018
	\$'000	\$'000
12. Trade and other payables		
Trade payables	2,271	791
Other payables	7,288	6,903
Interest payable	<u>5,250</u>	<u>5,250</u>
	<u>14,809</u>	<u>12,944</u>

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

	2019	2018
	\$'000	\$'000
13. Accruals		
Accrual – water improvement rate	<u>—</u>	<u>745</u>

In October 2018, the Water and Sewerage Authority (WASA) disclosed to the Company that the Water Improvement Rates as per the Water Sale Agreement with the Authority dated 2 October 2009 would be applied and billed for the period 2010-2018. Accordingly, the Company had quantified and recorded a provision of \$745. The liability was fully settled in July 2019.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

14. 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 and WASA.

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 21.

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

	31 December 2019 \$'000	31 December 2018 \$'000
Due to related parties		
The Water and Sewerage Authority		
- Accruals (Note 13)	—	745
- Trade and other payables	<u>30</u>	<u>63</u>
	<u>30</u>	<u>808</u>
Due from related parties		
Trinidad and Tobago Electricity Commission (Note 9)	123,919	76,335
Union Estate Electricity Generation Company Limited (UEEGCL)	<u>—</u>	<u>294</u>
	<u>123,919</u>	<u>76,629</u>
Purchases from related parties		
National Energy Corporation of Trinidad & Tobago		
- Lease rental	469	1,010
The Water and Sewerage Authority		
- Water utilities expense	<u>271</u>	<u>856</u>
	<u>740</u>	<u>1,866</u>

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(Continued)

	31 December 2019 \$'000	31 December 2018 \$'000
14. Related parties (continued)		
Sales to related parties		
Trinidad and Tobago Electricity Commission		
- Finance lease income	99,361	99,993
- Finance lease collections	5,929	5,296
- Other income	3,401	5,899
- Other finance income	<u>5,758</u>	<u>2,632</u>
	<u>114,449</u>	<u>113,820</u>
Dividends paid to parent company		
National Investment Fund Holding Company Limited		
- Dividend paid	<u>10,000</u>	<u>10,000</u>
Compensation of key management personnel		
Short-term employee benefits	<u>1,103</u>	<u>899</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.		
15. Long term bond	2019 \$'000	2018 \$'000
Bond proceeds	589,920	589,920
Unamortized discount and transaction costs	<u>(5,195)</u>	<u>(6,716)</u>
	<u>584,725</u>	<u>583,204</u>

Trinidad Generation Unlimited issued 5.250% 144A/REG S Senior Unsecured Notes in the amount of US \$600,000,000 dollars on 4 November 2016 with a maturity date of 4 November 2027 listed on the Singapore Stock Exchange with a minimum denomination of US \$200,000 and integral multiples of US \$1,000 dollars in excess thereof. Gross proceeds of the bond amounted to US \$589,920,000 with an issue price of 98.320% of the principal amount.

TRINIDAD GENERATION UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

15. Long term bond (continued)

The proceeds from the bond were utilized to extinguish a US \$600,000,000 Syndicated Loan Facility issued by Credit Suisse on 7 July 2016 maturing on 5 July 2017.

Interest payment dates will be made at six month intervals on 4 May and 4 November of each year commencing 4 May 2017. Principal repayments will be made in six equal, consecutive, semi-annual instalments commencing on 4 May 2025.

Individual ratings of BBB- for the bond was presented by both Standard and Poor's (S&P) and Fitch Ratings. For the duration of the bond U.S. Bank National Association would act as Trustee, Paying Agent, Transfer Agent and Registrar.

Under the terms of the Indenture the Company is required to comply with certain restrictions relating to the issuance of the long term bond as follows but not limited to:

- Certain limitations on sale and leaseback transactions;
- Certain limitations to the amendment of the PPA;
- The Company shall be required to repurchase its notes upon change of control.

	2019	2018
16. Other revenue	\$'000	\$'000
Capacity revenues – CPI adjustment	2,923	5,428
Energy delivered revenues	476	467
Miscellaneous	<u>2</u>	<u>4</u>
	<u>3,401</u>	<u>5,899</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

	2019	2018
	\$'000	\$'000
17. Expenses		
a. Administrative expenses		
Depreciation of property, plant and equipment (refer to Note 5)	6,705	8,076
Staff costs (refer to Note 17 c)	6,086	6,464
Insurance	2,286	2,454
Professional and legal fees	879	625
IT expenses	487	419
Depreciation of right of use assets (refer to Note 8)	336	—
Rent	204	1,100
Travel and motor vehicle expenses	173	331
Events and community work	171	154
Utilities	137	143
Other	424	397
	<u>17,888</u>	<u>20,163</u>
b. Operating expenses		
Repairs and maintenance	4,863	374
Parts and supplies	2,108	2,725
Contract labour	1,898	2,593
Inspections	1,711	1,252
Contracted services	1,528	709
Safety and security	545	486
Training	168	174
Other	1,093	1,572
	<u>13,914</u>	<u>9,885</u>
c. Staff costs		
Salaries and wages	3,074	3,000
Allowances, subsistence and other benefits	2,772	3,208
Pension contributions	240	256
	<u>6,086</u>	<u>6,464</u>

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(Continued)

	2019 \$'000	2018 \$'000
18. Finance expenses		
Interest expense	31,932	31,500
Withholding tax	5,558	5,559
Bond amortization	1,521	1,339
Bond monitoring fees	169	91
Bank charges	18	11
Financing fees	<u>—</u>	<u>67</u>
	<u>39,198</u>	<u>38,567</u>
Finance income		
Interest income	498	437
Gain on foreign exchange	215	232
Other	<u>5,758</u>	<u>3,786</u>
	<u>6,471</u>	<u>4,455</u>
19. Taxation		
Taxation charge for the year:		
Business levy	713	667
Deferred tax	<u>11,352</u>	<u>12,812</u>
	<u>12,065</u>	<u>13,479</u>

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

	2019 \$'000	2018 \$'000
Profit before taxation	<u>38,233</u>	<u>41,732</u>
Income taxes thereon at the statutory rate	11,470	12,520
Tax effect of non-deductible expenses	685	643
Tax effect of income not taxable/allowances	(140)	(147)
Business levy	713	667
Other	<u>(663)</u>	<u>(204)</u>
	<u>12,065</u>	<u>13,479</u>

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

19. Taxation (continued)

Included in Other is an amount of \$0.141 million (2018: \$0.181 million) which relates to the foreign exchange effect of translating the tax base of unutilized tax losses and other TTD components of deferred tax from Trinidad and Tobago dollars to United States dollars.

Significant components of deferred tax are as follows:

	2019	2018
	\$'000	\$'000
Deferred tax assets:		
Tax losses	44,017	57,043
Interest payable	1,854	1,855
Lease liability and ROU asset	<u>47</u>	<u>—</u>
	<u>45,918</u>	<u>58,898</u>
Deferred tax liabilities:		
Finance lease and property, plant and equipment	218,099	219,440
Capital spares	<u>2,869</u>	<u>3,156</u>
	<u>220,968</u>	<u>222,596</u>
Net	<u>175,050</u>	<u>163,698</u>
Deferred tax charge	<u>11,352</u>	<u>12,812</u>

The Company has unutilized tax losses of \$146.7 million (2018: \$190.1 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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

20. **Contingent liabilities and commitments**

Contingent liabilities

Pursuant to the provisions of the Property Tax (Amendment) Act, 2018, which became effective on 8 June 2018, the Property Tax waiver was extended to 30 September 2017 or such later date as the Minister of Finance may by Order prescribe. This legislation also revised the date of payment of the Property Tax to 30 September in every year. In a Media Release dated 2 May 2018, the Ministry of Finance clarified that Property Tax will become applicable from the year in which payment of the tax becomes due. The Company has not accrued for Property Tax as at 31 December 2019 under the Property Tax (Amendment) Act, 2018 as there is no reliable estimate of this amount as at the period end and up to the date of approval of these financial statements.

Capital commitments

As at 31 December 2019, the Company had no major capital commitments (2018: Nil).

Contractual commitments

Power Purchase Agreement

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.

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.

The Company owns, operates and maintains the power generation plant in La Brea, Trinidad. In accordance with the terms and conditions set forth in the PPA, the off-taker, T&TEC, has the option to purchase the facility by way of written notice, no less than twenty-four (24) months before the date on which the PPA would otherwise expire. The option to purchase should be mutually acceptable to both the Company and T&TEC. The Company controls the physical access to the plant and the manner in which the plant is operated. The maintenance program in respect of the plant, including maintenance techniques and scheduling is established and managed by the Company, based on recommendations from the Manufacturer and maintenance costs are borne by the Company.

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NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

21. Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance expenses in the statement of comprehensive income.

	Interest rate	Maturity	2019 \$'000	2018 \$'000
Non-current interest-bearing loans and borrowings				
5.25% unsecured bond of US 600,000,000	5.25%	3-Nov-27	<u>600,000</u>	<u>600,000</u>

22. 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:

	Gross maximum exposure 2019 \$'000	Gross maximum exposure 2018 \$'000
Net investment in leased assets	713,117	719,045
Cash and short-term deposits	112,586	126,344
Trade and other receivables	<u>123,919</u>	<u>76,662</u>
	<u>949,622</u>	<u>922,051</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

22. Financial risk management objectives and policies (continued)

(i) Credit risk (continued)

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 20), which is backed by a full Government of Trinidad and Tobago guarantee for risk of defaults. In addition, trade receivables amounting to \$123.9 million (2018: \$76.3 million) are 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.

The table below summarizes 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 5 years \$'000	Total \$'000
31 December 2019						
Trade and other payables	—	6,692	5,250	—	—	11,942
Lease liabilities	—	45	131	450	6,644	7,270
Long term bond	—	—	—	—	791,571	791,571
	—	6,737	5,381	450	798,215	810,783
31 December 2018						
Trade and other payables	—	4,293	5,250	—	—	9,543
Lease liabilities	—	—	—	—	—	—
Long term bond	—	—	—	—	821,641	821,641
	—	4,293	5,250	—	821,641	831,184

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NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

22. Financial risk management objectives and policies (continued)

(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.

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:

	Increase/(decrease) in TT dollar rate	Effect on net profit \$'000	Effect on equity \$'000
2019			
US dollar	+1%	55	39
US dollar	-1%	(55)	(39)
2018		\$'000	\$'000
US dollar	+1%	93	65
US dollar	-1%	(93)	(65)

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

2019

Financial assets	USD \$'000	TTD \$'000	Total \$'000
Net investment in leased assets	713,117	—	713,117
Cash and short term deposits	106,786	5,800	112,586
Trade and other receivables	<u>122,027</u>	<u>1,892</u>	<u>123,919</u>
	<u>941,930</u>	<u>7,692</u>	<u>949,622</u>
Financial liabilities			
Trade and other payables	10,054	1,888	11,942
Lease liability	7,010	260	7,270
Long term bond	<u>583,204</u>	<u>—</u>	<u>583,204</u>
	<u>600,268</u>	<u>2,148</u>	<u>602,416</u>

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(Continued)

22. Financial risk management objectives and policies (continued)

(iii) Foreign currency risk (continued)

2018

Financial assets	USD \$'000	TTD \$'000	Total \$'000
Net investment in leased assets	719,045	—	719,045
Cash and short term deposits	116,915	9,429	126,344
Trade and other receivables	<u>74,576</u>	<u>2,086</u>	<u>76,662</u>
	<u>910,536</u>	<u>11,515</u>	<u>922,051</u>
Financial liabilities			
Trade and other payables	7,288	2,255	9,543
Long term bond	<u>583,204</u>	<u>—</u>	<u>583,204</u>
	<u>590,492</u>	<u>2,255</u>	<u>592,747</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 structure in order to support its business, maximize shareholder value and ensure adequate liquidity to support operational and debt funding. As a result of the long term bond issue during the year, the Company's strategy has been amended to include its ongoing operations, future growth initiatives and its new requirements in compliance with its long term debt restructure.

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(Continued)

23. Fair value of financial instruments

The carrying amounts of the Company's cash and short-term deposits, trade and other receivables, trade and other payables, short term loans, 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 2019 \$'000	Fair value 2019 \$'000	Carrying amount 2018 \$'000	Fair value 2018 \$'000
Financial assets:				
Net investment in leased asset	713,116	1,183,713	719,045	1,204,245
Cash and short-term deposits	112,586	112,586	126,344	126,344
Trade receivables	123,919	123,919	76,662	76,662
Financial liabilities:				
Trade and other payables	11,942	11,942	9,543	9,543
Long term bond	583,204	635,094	583,204	564,540

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

24. Dividends	2019 \$'000	2018 \$'000
Proposed and paid for the year:		
Dividends on ordinary shares for:		
2018: approximately \$0.05 per share	—	10,000
2019: approximately \$0.05 per share	<u>10,000</u>	<u>—</u>
	<u>10,000</u>	<u>10,000</u>

On 29 May 2018, an interim dividend of \$10 million was approved by the Board of Directors in respect of 2018. This interim dividend was charged against retained earnings for the year ended 31 December 2018 and was paid on 11 June 2018.

On 18 June 2019, an interim dividend of \$10 million was approved by the Board of Directors in respect of 2019. This interim dividend was charged against retained earnings for the year ended 31 December 2019 and was paid on 24 June 2019.