TRINIDAD GENERATION UNLIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023
(Expressed in Thousands of United States Dollars)

Ernst & Young Services Limited

Building a better
working world

TRINIDAD GENERATION UNLIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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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 2023, and the statement of comprehensive income /(loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 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' ("IESBA") International *Code of Ethics for Professional Accountants* (including International Independence Standards) ("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.

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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)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (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, actions taken to eliminate threats or safeguards applied.

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.

EY

Port of Spain
TRINIDAD
28 March 2024

TRINIDAD GENERATION UNLIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(Expressed in Thousands of United States Dollars, except where otherwise stated)

ASSETS	**Notes**	**2023 $'000**	**2022 $'000**
Non-current assets			
Property, plant and equipment	5	68,424	64,904
Net investment in leased assets	6	669,763	680,749
Other financial assets	7	58,903	58,268
Right-of-use assets	8	6,665	6,873
Deferred tax assets	19	4,071	13,345
		807,826	824,139
Current assets			
Cash and short-term deposits	9	208,428	167,200
Net investment in leased assets	6	10,986	9,471
Trade and other receivables	10	45,804	65,872
Inventories	11	23,880	22,444
		289,098	264,987
TOTAL ASSETS		1,096,924	1,089,126

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

TRINIDAD GENERATION UNLIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(Expressed in Thousands of United States Dollars, except where otherwise stated)
(Continued)

	Notes	2023 $'000	2022 $'000
EQUITY AND LIABILITIES			
Equity			
Stated capital	12	189,400	189,400
Retained earnings		63,362	57,302
		252,762	246,702
Non-current liabilities			
Deferred income	5	901	932
Deferred tax liabilities	19	222,329	223,387
Lease liabilities	8	7,289	7,393
Long term bond	15	591,394	589,534
		821,913	821,246
Current liabilities			
Deferred income	5	31	31
Lease liabilities	8	126	118
Trade and other payables	13	22,092	21,029
		22,249	21,178
Total liabilities		844,162	842,424
TOTAL EQUITY AND LIABILITIES		1,096,924	1,089,126

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 28 March 2024 and signed on their behalf by:

Sandra P Jones : Director   Jennifer Sealeman : Director

TRINIDAD GENERATION UNLIMITED

STATEMENT OF COMPREHENSIVE INCOME/(LOSS)
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States Dollars, except where otherwise stated)

	Notes	2023 $'000	2022 $'000
Revenue			
Finance lease income		95,819	96,864
Other revenue	16	7,936	(13,144)
		103,755	83,720
Expenses			
Plant and head office administrative expenses	17 (a)	(26,426)	(20,958)
Operating expenses	17 (b)	(17,988)	(21,087)
		(44,414)	(42,045)
Operating profit		59,341	41,675
Finance expenses	18(a)	(39,687)	(39,529)
Finance income	18(b)	5,479	6,128
Profit before tax		25,133	8,274
Taxation	19	(8,921)	(14,043)
Net profit/(loss) for the year		16,212	(5,769)
Other comprehensive income/(loss)		–	–
Total comprehensive income/(loss)		16,212	(5,769)

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 2023
(Expressed in Thousands of United States Dollars, except where otherwise stated)

	Stated capital $'000	Retained earnings $'000	Total $'000
Year ended 31 December 2023			
Balance at 1 January 2023	189,400	57,302	246,702
Comprehensive income for the year	–	16,212	16,212
Dividends proposed and paid (Note 24)	–	(10,152)	(10,152)
Balance at 31 December 2023	189,400	63,362	252,762
Year ended 31 December 2022			
Balance at 1 January 2022	189,400	73,172	262,572
Comprehensive loss for the year	–	(5,769)	(5,769)
Dividends proposed and paid (Note 24)	–	(10,101)	(10,101)
Balance at 31 December 2022	189,400	57,302	246,702

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

TRINIDAD GENERATION UNLIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States Dollars, except where otherwise stated)

	Notes	2023	2022
Cash flows from operating activities		**$'000**	**$'000**
Profit before taxation		25,133	8,274
Adjustments for:			
Depreciation of property, plant and equipment	5	11,081	8,664
Depreciation of right-of-use assets	8	252	296
Foreign exchange gains	18(b)	(423)	(578)
Amortized discount and transaction costs	18(a)	1,860	1,742
Deferred income	5	(31)	(31)
Loss on disposal and other movements		2,287	1,654
Amortized discount on other financial assets	7	(635)	1,708
Finance expense (net)		32,638	32,509
Operating profit before changes in working capital		72,162	54,238
Decrease in trade and other receivables		20,068	48,430
Increase in inventories		(1,436)	(759)
Increase in trade and other payables		1,128	4,260
Net cash generated from operations		91,922	106,169
Interest received		4,889	4,632
Interest paid		(37,109)	(37,052)
Finance lease collections		9,472	8,424
Tax paid		(772)	(575)
Net cash from operating activities		68,402	81,598

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

TRINIDAD GENERATION UNLIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Thousands of United States Dollars, except where otherwise stated)
(Continued)

	Notes	2023 $'000	2022 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(17,129)	(21,108)
Investment in other financial assets	7	–	(59,000)
Investment in short-term deposits		(10,000)	(60,000)
Proceeds from maturity of short-term deposits		55,000	60,000
Net cash generated from/(used) in investing activities		27,871	(80,108)
Cash flows from financing activities			
Principal payments of lease liability		(96)	(145)
Dividends paid	24	(10,152)	(10,101)
Net cash used in financing activities		(10,248)	(10,246)
Net increase/(decrease) in cash and cash equivalents		86,025	(8,756)
Cash and cash equivalents			
- at the beginning of the year		107,200	115,956
- at the end of the year	9	193,225	107,200

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

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 21 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 and provision of services 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 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 IFRS 16: "Leases".

2. Material 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).

2. Material accounting policies (continued)

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 2022, except for the standards and interpretations effective as of 1 January 2023.

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts
IFRS 17 *Insurance Contracts* is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts*. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Company's financial statements.

Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's financial statements.

2. Material accounting policies (continued)

b. Accounting policies (continued)

New and amended standards and interpretations (continued)

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Company's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 *Income Tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The importance of this amendment is described in note 2(t).

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception - the use of which is required to be disclosed - applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

2. Material accounting policies (continued)

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 /(loss).

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.

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

2. Material accounting policies (continued)

d. Property, plant and equipment

Property, plant and equipment are stated at historical 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	$5\frac{2}{5}$ - 25
Office furniture and equipment	25
Vehicles	25
Capital spares	$3\frac{1}{3}$-$11\frac{1}{9}$
Major maintenance	$16\frac{2}{3}$ - $33\frac{1}{3}$
Buildings	$5\frac{3}{10}$ – 25
Plant improvements	$3\frac{1}{3}$-$5\frac{1}{2}$

Building property received from GORTT, through Government Grant (see Note 5), included within Other assets category of Property, plant and equipment is depreciated on a straight-line basis over 22 years for the building and the remaining lease life upon acquisition of the land. The initial recognition fair value amount recognised in respect of the asset is carried forward as the historical cost (net of depreciation) consistent with the accounting policy relating to property, plant and equipment.

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.

2. Material accounting policies (continued)

d. Property, plant and equipment (continued)

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 statement of comprehensive income/(loss) when the asset is derecognised .

Major Maintenance of the plant including replacement spares and labour costs, is capitalized and amortized on a straight-line basis over three (3) to six (6) years.

e. Financial instruments

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

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.

2. Material accounting policies (continued)

e. Financial instruments (continued)

Financial instruments - initial recognition (continued)

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 assets' contractual terms.

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.

2. Material 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)

Financial assets and financial liabilities at FVPL are recorded in the 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 Other comprehensive income/(loss) (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 Effective interest rate (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.

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.

2. Material accounting policies (continued)

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 recognised in the statement of comprehensive income/(loss). 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 amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income/(loss).

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.

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.

2. Material accounting policies (continued)

g. Impairment of non-financial assets (continued)

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

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 as at the reporting date.

2. Material accounting policies (continued)

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 recognised 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 recognised as it accrues unless collectability is in doubt.

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 reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised 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.

2. Material accounting policies (continued)

m. Taxation (continued)

Deferred tax (continued)
Deferred tax assets are recognised 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 reporting 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 recognised at the fair value of the consideration received by the Company.

o. Long term bond

Long term bond was initially recognised 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 recognised in profit or loss when the long term bond is derecognised 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/(loss).

2. Material accounting policies (continued)

p. Fair value measurement

Fair values of financial instruments measured at amortized 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 minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is disclosed in the financial statements are categorized 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.

2. Material accounting policies (continued)

p. Fair value measurement (continued)

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 recognises 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 has lease contracts for motor vehicles and lease property. 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.

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.

2. Material accounting policies (continued)

r. 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.

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 recognised 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 recognised in the statement of comprehensive income/(loss).

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. Government grants

Government grants for the acquisition of assets are recognised at their fair value when there is reasonable assurance that the grant will be received, and any conditions attached to them have been fulfilled. Grants related to the receipt of a non-monetary asset is recognised on the statement of financial position at fair value on initial recognition and the related deferred income recognised as a liability and released to the profit or loss over the periods necessary to match the related depreciation charges, or other expenses of the asset, as they are incurred.

2. Material accounting policies (continued)

t. Comparative Information

Changes in presentation were made to the comparative information of the previous year (2022) in these financial statements to allow consistent presentation with the current year. This change is described further below:

- IAS 12 Income Tax Amendment - the deferred tax assets/liabilities relating to the right of use assets and lease liabilities are presented separately and reported gross in the statement of financial position. This has resulted in an increase in the total assets of $1.8 million and a corresponding increase in the total liabilities of $1.8 million as at 31 December 2023. There is no impact on the net assets or profit for the year as previously reported. This change is as a result of the requirement of the IAS 12 Amendment (Refer to Note 2 b) which became applicable during the current financial 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 period end as well as affecting the reported income and expenses for the period.

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 periods.

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.

Lease commitments – Company as lessee
The Company has entered into short term office leases and has utilized the short term exemption under IFRS 16: "Leases" in relation to these office leases.

Upon adoption of IFRS 16 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.

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

Judgments (continued)

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 judgment 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 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 judgment was applied to determine the incremental borrowing rate.

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. Management judgment is also involved in determining whether major plant costs incurred can accrue sufficient future economic benefits such that these expenditures meet the recognition criteria as a capital expense under IAS 16: "Property, plant & equipment".

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the period end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period 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.

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

Estimates and assumptions (continued)

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 utilized. Significant management judgment 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.

Provision for impairment of Trade Receivables
Management exercises judgment in assessing credit risk relating to outstanding trade receivables balances and therefore the determination of the adequacy of provisions for trade receivables for which collections are considered doubtful. Judgment 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.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback – Effective for annual reporting periods beginning on or after 1 January 2024
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Effective for annual reporting periods beginning on or after 1 January 2024
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements – Effective for annual reporting periods beginning on or after 1 January 2024
- Amendments to IAS 21 – Lack of exchangeability – Effective for annual reporting periods beginning on or after 1 January 2025

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

5. Property, plant and equipment

Cost	Machinery & equipment $'000	Other assets $'000	Capital spares $'000	Capital work in progress (CWIP) $'000	Total $'000
Balance at 1 January 2022	18,553	31,186	44,110	2,522	96,371
Additions	–	10,177	1,970	8,961	21,108
Transfers from CWIP	6,438	290	–	(6,728)	–
Disposals and other movements	–	–	(1,898)	–	(1,898)
Balance at 31 December 2022	24,991	41,653	44,182	4,755	115,581
Additions	–	11,173	711	5,245	17,129
Transfers from CWIP	2,017	3,149	(537)	(4,629)	–
Disposals and other movements	–	–	(2,560)	(598)	(3,158)
Balance at 31 December 2023	27,008	55,975	41,796	4,773	129,552
Accumulated depreciation					
Balance at 1 January 2022	5,363	20,337	16,557	–	42,257
Charge for the year (Note 17a)	880	5,069	2,715	–	8,664
Disposals and other movements	–	–	(244)	–	(244)
Balance at 31 December 2022	6,243	25,406	19,028	–	50,677
Charge for the year (Note 17a)	833	7,636	2,612	–	11,081
Disposals and other movements	–	–	(630)	–	(630)
Balance at 31 December 2023	7,076	33,042	21,010	–	61,128
Net book value					
Balance at 31 December 2023	19,932	22,933	20,786	4,773	68,424
Balance at 31 December 2022	18,748	16,247	25,154	4,755	64,904

Additions to property plant and equipment recorded in the statement of financial position for the year ended 31 December 2023 amounted to $16.531 million (2022: $21.108 million). Depreciation charge recorded in the statement of comprehensive income/(loss) for the year ended 31 December 2023 amounted to $11.081 million (2022: $8.664 million) and is recorded within plant and head office administrative expenses.

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

5. Property, plant and equipment (continued)

Government grant

In 2020, the Company received a Government Grant of land and building from GORTT. The fair value of the property on initial recognition was $1.036 million (Land $0.391 million and Building $0.645 million) and accounted for in accordance with IAS 20 "Accounting for Government Grants and disclosure of Government assistance". The carrying value of the property amounted to $932 as at year end and is presented within the Property, plant and equipment note above under the "Other assets" class of asset. The fair valuation was established based on a professional valuation performed by an independent valuation professional as at 18 December 2020. The fair value was established based on Level 2 observable data inputs.

Government grants have been received for the purchase of land and building located at No. 21 Mulchan Seuchan Road, Endeavour, Chaguanas. There are no unfulfilled conditions or contingencies attached to this grant.

The following is the movement in deferred income in respect of the government grant for the year:

	2023 $'000	2022 $'000
At 1 January	963	994
Less: deferred income	(31)	(31)
At 31 December	932	963
Non-current	901	932
Current	31	31
	932	963

6. Net investment in leased assets

Finance lease - gross investment	1,852,514	1,957,802
Less: Unearned finance income	(1,171,765)	(1,267,582)
Net investment in leased asset	680,749	690,220
Less amounts due within one year	(10,986)	(9,471)
	669,763	680,749

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

6. Net 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 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 recognised 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:

	2023		2022	
	Gross investment $'000	Present value of receivable $'000	Gross investment $'000	Present value of receivable $'000
Within 1 year	105,578	10,986	105,289	9,471
1 to 5 years	421,445	58,800	421,445	52,049
Over 5 years	1,325,491	610,963	1,431,068	628,700
	1,852,514	680,749	1,957,802	690,220

7. Other financial assets

	2023 $'000	2022 $'000
Investment at par value	60,000	60,000
Less: Unamortized discount	(1,097)	(1,732)
	58,903	58,268

Other financial assets represent an investment in the Company's Senior Unsecured Notes (Note 15). This investment earns interest at 5.25% per annum and matures on 4 November 2027. The investment is listed on a recognised Stock Exchange and as at 31 December 2023 was traded at $98.35 (31 December 2022: $96.90). Upon maturity, the par value will be received. During 2022, the Company purchased a further $59,000 in these Unsecured Notes investments.

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

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 $'000	Motor vehicles $'000	Total $'000
As at 1 January 2022	7,075	81	7,156
Additions	–	55	55
Modifications and other movements	–	(42)	(42)
Depreciation expense (Note 17a)	(220)	(76)	(296)
As at 31 December 2022	6,855	18	6,873
Additions	–	–	–
Modifications and other movements	(21)	65	44
Depreciation expense (Note 17a)	(220)	(32)	(252)
As at 31 December 2023	6,614	51	6,665

The Company recognised rent expense from short-term leases of $27 (2022: $80) for the year ended 31 December 2023 within plant and head office administrative expenses. Also recorded in the statement of comprehensive income/(loss) are depreciation expense on right-of-use assets of $252 (2022: $296) within plant and head office administrative expenses and interest expense of $434 (2022: $442) on leases within finance expenses.

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

	2023 $'000	2022 $'000
As at 1 January	7,511	7,638
Additions	–	55
Modifications and other movements	21	(37)
Accretion of interest (Note 18a)	434	442
Payments	(551)	(587)
	7,415	7,511
The lease liability is presented on the statement of financial position as follows:		
Non-current	7,289	7,393
Current	126	118
	7,415	7,511

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

	2023	2022
9. Cash and short-term deposits	**$'000**	**$'000**
Cash at bank	193,225	107,200
Short-term deposits	15,203	60,000
	208,428	167,200

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

Short-term deposits include US dollar denominated deposits with maturity periods within one year (2022: within one year). Interest is earned for all short-term deposits on hand at a rate of 2% per annum (2022: ranging between 0.275% to 1.1% per annum).

For the purpose of the statement of cash flows, cash and cash equivalents comprise:	2023 $'000	2022 $'000
Cash at bank	193,225	107,200

10. Trade and other receivables

Trade receivables – T&TEC (Note 14)	32,617	53,354
Accrued revenues – T&TEC (Note 14)	10,463	10,012
Prepayments and other receivables	2,606	2,425
Tax recoverable	118	81
	45,804	65,872

Trade receivables and accrued revenues of $43,080 (2022: $63,366) are in respect of amounts due from a related party. There are no expected credit losses in respect of the trade receivables.

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

			Past due but not impaired		
	Total $'000	**Current $'000**	**>30 to 60 days $'000**	**>60 to 90 days $'000**	**> 90 days $'000**
2023	43,080	20,162	–	–	22,918
2022	63,366	29,076	6,428	2,078	25,784

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

		2023 $'000	2022 $'000
11.	**Inventories**		
	Spare parts	23,025	22,099
	Materials in transit	855	345
		23,880	22,444

12. Stated capital

		2023 $'000	2022 $'000
	Authorized		
	Unlimited number of Ordinary shares at par value		
	Issued and fully paid		
	189,400,000 (2022: 189,400,000) Ordinary shares at no par value	189,400	189,400

13. Trade and other payables

		2023 $'000	2022 $'000
	Trade payables and related accruals	11,754	11,052
	Other payables	5,088	4,727
	Interest payable	5,250	5,250
		22,092	21,029

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

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

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 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 from related parties except as stated in Note 22(i).

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

Due to related parties	**2023 $’000**	**2022 $’000**
The Water and Sewerage Authority		
- Trade and other payables	25	22
National Infrastructure Development Co Ltd (NIDCO)		
- Trade and other payables (Office Building Project)	714	–
Trinidad and Tobago Electricity Commission		
- Trade and other payables (BTU tracking account)	–	3,542
	739	3,564
Due from related parties		
Trinidad and Tobago Electricity Commission (Note 10)	43,080	63,366
Purchases from related parties		
National Energy Corporation of Trinidad & Tobago		
- Lease rental	512	512
National Infrastructure Development Co Ltd (NIDCO)		
- Lease rental	714	917
Water and Sewerage Authority		
- Water utilities expense	207	245
	1,433	1,674

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

	2023	2022
14. Related parties (continued)	**$'000**	**$'000**
Sales to related parties		
Trinidad and Tobago Electricity Commission		
- Finance lease income	95,818	96,864
- Finance lease collections	9,472	8,422
- Other revenue (Note 16)	7,936	(13,144)
- Other finance income	283	3,072
	113,509	95,214
Dividends paid to parent company		
National Investment Fund Holding Company Limited		
- Dividend paid (Note 24)	10,152	10,101
Compensation of key management personnel		
Short-term employee benefits	903	903

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/(loss). The amount expensed during the year is shown above.

	2023	2022
15. Long term bond	**$'000**	**$'000**
Face value of bond	600,000	600,000
Unamortized discount	(8,606)	(10,466)
	591,394	589,534

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 dollars and integral multiples of US $1,000 dollars in excess thereof. Gross proceeds of the bond amounted to US $589,920,000 dollars with an issue price of 98.320% of the principal amount.

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

15. Long term bond (continued)

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 BB+ and BB for the bond was presented by Standard and Poor's (S&P) and Fitch Ratings respectively. 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.

16. Other revenue	**2023 $'000**	**2022 $'000**
Capacity revenue	7,297	(13,605)
Energy delivered revenue	607	430
Miscellaneous revenue	32	31
	7,936	(13,144)

Capacity revenues represent the difference between the amounts recognised as lease revenue and billings to T&TEC for the year representing the variable lease element. In 2023 due to one unplanned outage during the year the Company reported Equivalent Availability (EA) of 88.74% in relation to the contracted capacity of 93%.

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

17. Expenses

	2023 $'000	2022 $'000
a. Plant and head office administrative expenses		
Depreciation of property, plant and equipment (Note 5)	11,081	8,664
Staff costs (Note 17c)	6,865	5,731
Insurance	5,280	3,908
Professional and legal fees	781	550
IT expenses	741	591
Events and community work	516	389
Travel and motor vehicle expenses	361	329
Depreciation of right-of-use assets (Note 8)	252	296
Utilities	132	59
Audit fees	75	87
Director fees	67	59
Rent	29	52
Non audit fees	13	62
Other	233	181
	26,426	20,958
b. Operating expenses		
Repairs and maintenance	7,839	11,211
Inspections	3,494	2,208
Contracted services	2,442	1,387
Parts and supplies	1,597	410
Safety and security	554	514
Contract labour	213	133
Training	161	133
Other	1,688	5,091
	17,988	21,087
c. Staff costs		
Salaries and wages	3,302	3,367
Allowances, subsistence and other benefits	3,299	2,098
Pension contributions	264	266
	6,865	5,731

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

		2023	2022
18. a.	**Finance expenses**	**$'000**	**$'000**
	Interest expense	31,500	31,500
	Withholding tax	5,610	5,559
	Bond amortization	1,860	1,742
	Interest accretion (Note 8)	434	442
	Bond monitoring fees	248	262
	Bank charges	35	24
		39,687	39,529
18. b.	**Finance income**		
	Investment income	4,421	2,397
	Gain on foreign exchange	423	578
	Other interest income	635	3,153
		5,479	6,128
19.	**Taxation**		
	Taxation charge for the year:		
	Business levy	705	653
	Deferred tax	8,216	13,390
		8,921	14,043

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

	2023	2022
	$'000	**$'000**
Profit before taxation	25,133	8,274
Income taxes thereon at the statutory rate	7,540	2,482
Tax effect of non-deductible expenses	1,034	816
Tax effect of income not taxable/allowances	(199)	(233)
Tax adjustment – reduction in tax losses	–	9,349
Business levy	705	653
Other	(159)	976
	8,921	14,043

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

19. Taxation (continued)

Included in Other is an amount of $0.1 million (2022: $0.74 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:	**2023 $'000**	**2022 $'000**
Deferred tax assets:		
Tax losses	–	9,239
Interest payable	1,853	1,853
Lease liabilities	2,218	2,253
	4,071	13,345
Deferred tax liabilities:		
Finance lease and property, plant and equipment (excluding capital spares)	216,978	217,107
Right-of-use asset	1,986	2,062
Capital spares	3,365	4,218
	222,329	223,387
Net	218,258	210,042
Deferred tax charge	8,216	13,390

The Company has fully utilized its tax losses in the current year (2022: $30.9 million).

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 2023 under the Property Tax (Amendment) Act, 2018 as there is no reliable estimate of the liability and there is no clarity to the period from which the tax liability will be implemented.

20. Contingent liabilities and commitments (continued)

Contingent liabilities (continued)

The Company has formally lodged objections for the 2014-2016 years of income which are being reviewed by the Board of Inland Revenue (BIR). These objections challenged the tax losses available for future set off by the Company. Based on the assessment of the technical merits of the formal objections by both the Company and its tax advisors, the Company continues to fully defend its position and therefore no provisions or adjustments were required in these financial statements at year end.

During 2023, the Company's 2017 tax year of income was audited by the BIR. There were no adjustments arising from this audit.

Capital commitments

As at 31 December 2023, the Company had $0.7 million in major capital commitments (2022: $0.87 million).

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.

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

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 recognised 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 recognised in profit or loss when the liabilities are derecognised 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/(loss).

	Interest rate	Maturity	2023 $'000	2022 $'000
Non-current interest-bearing loans and borrowings				
5.25% unsecured bond of US 600,000,000	5.25%	3-Nov-27	600,000	600,000

22. Financial risk management objectives and policies

The Company is exposed to credit risk, liquidity risk and foreign currency 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 2023 $'000	Gross maximum exposure 2022 $'000
Net investment in leased assets	680,749	690,220
Other financial assets	58,903	58,268
Cash and short-term deposits	208,428	167,200
Trade and other receivables	43,080	63,366
	991,160	979,054

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

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 $43 million (2022: $63.4 million) are also backed by the full Government guarantee.

Cash and short-term deposits are placed with reputable financial institutions. All other financial instruments introduce no new credit risk and are managed by reputable international 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 its obligations 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 2023						
Trade and other payables	–	16,842	5,250	–	–	22,092
Lease liabilities	–	32	94	433	6,856	7,415
Long term bond	–	7,875	23,625	649,438	–	680,938
	–	24,749	28,969	649,871	6,856	710,445
31 December 2022						
Trade and other payables	–	15,779	5,250	–	–	21,029
Lease liabilities	–	33	85	467	6,926	7,511
Long term bond	–	7,875	23,625	680,938	–	712,438
	–	23,687	28,960	681,405	6,926	740,978

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

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:

2023	**Increase/(decrease) in TT dollar rate**	**Effect on net profit $'000**	**Effect on equity $'000**
US dollar	+1%	54	38
US dollar	-1%	(54)	(38)
2022			
US dollar	+1%	66	46
US dollar	-1%	(66)	(46)

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

2023

Financial assets	**USD $'000**	**TTD $'000**	**Total $'000**
Net investment in leased assets	680,749	–	680,749
Cash and short term deposits	197,736	10,692	208,428
Other financial asset	58,903	–	58,903
Trade and other receivables	43,053	27	43,080
	980,441	10,719	991,160
Financial liabilities			
Trade and other payables	16,833	5,259	22,092
Lease liabilities	7,361	54	7,415
Long term bond	591,394	–	591,394
	615,588	5,313	620,901

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

22. Financial risk management objectives and policies (continued)

(iii) Foreign currency risk (continued)

2022

Financial assets	**USD $'000**	**TTD $'000**	**Total $'000**
Net investment in leased assets	690,220	–	690,220
Cash and short term deposits	155,930	11,270	167,200
Other financial asset	58,268	–	58,268
Trade and other receivables	61,326	2,040	63,366
	965,744	13,310	979,054
Financial liabilities			
Trade and other payables	14,374	6,655	21,029
Lease liabilities	7,424	87	7,511
Long term bond	589,534	–	589,534
	611,332	6,742	618,074

(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, 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.

The Company monitors capital on the basis of the gearing ratio, which is calculated as total borrowings, less cash and short term deposits divided by shareholder's equity. The gearing ratio at 31 December 2023 is 1.51 (2022: 1.71).

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

23. Fair value of financial instruments

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

Financial assets:	**Carrying amount 2023 $'000**	**Fair value 2023 $'000**	**Carrying amount 2022 $'000**	**Fair value 2022 $'000**
Net investment in leased asset	680,749	1,140,433	690,220	1,066,398
Other financial assets	58,903	59,010	58,268	58,145
Cash and short-term deposits	208,428	208,428	167,200	167,200
Trade receivables	43,080	43,080	63,366	63,366
Financial liabilities:				
Trade and other payables	22,092	22,092	21,029	21,029
Lease liabilities	7,415	7,415	7,511	7,511
Long term bond	591,394	594,954	589,534	581,145

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. Fair value of the other financial asset is derived based on a quoted market price at year end on a traded market for the asset.

24. Dividends

	2023 $'000	**2022 $'000**
Proposed and paid for the year:		
Dividends on ordinary shares for:		
2023: approximately $0.05 per share	10,152	–
2022: approximately $0.05 per share	–	10,101
	10,152	10,101

On 16 July 2023, an interim dividend of $10.2 million ($0.05 per share) was approved by the Board of Directors in respect of 2023. This dividend was charged against retained earnings in the current year and was paid on 18 July 2023.

On 15 July 2022, an interim dividend of $10.1 million ($0.05 per share) was approved by the Board of Directors in respect of 2022. This dividend was charged against retained earnings in the current year and was paid on 19 July 2022.