



Chartered Accountants
& Business Advisors

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013



Chartered Accountants
& Business Advisors

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Trinidad and Tobago Dollars)

ASSETS

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Current Assets:		
Cash resources	535,194	565,081
Trade and other receivables	649,586	118,325
Net investment in leased assets (current)	21,672	19,387
Inventories	38,940	29,003
Tax recoverable	<u>6,458</u>	<u>6,439</u>
Total Current Assets	1,251,850	738,235
Non-Current Assets:		
Intangible asset	75,453	-
Deferred tax asset	285,972	355,958
Property, plant and equipment	125,712	105,993
Net investment in leased asset (non-current)	<u>4,747,518</u>	<u>4,755,153</u>
Total Assets	<u>6,486,505</u>	<u>5,955,339</u>

LIABILITIES AND EQUITY

Current Liabilities:		
Trade and other liabilities	26,475	540,950
Tax payable	<u>4,951</u>	<u>5,168</u>
Total Current Liabilities	31,426	507
		546,625
Non-Current Liabilities:		
Amounts due to related parties	3,568,088	
Deferred tax liabilities	<u>603,397</u>	<u>408,251</u>
Total Liabilities	<u>4,202,911</u>	<u>954,876</u>
Equity:		
Stated capital	5,022	5,007
Capital contributions	1,398,789	4,879,352
Retained earnings	<u>879,783</u>	<u>104,572</u>
Capital and reserves attributable to equity holders	2,283,594	4,988,931
Non-controlling interest	<u>-</u>	<u>11,532</u>
Total Equity	<u>2,283,594</u>	<u>5,000,463</u>
Total Liabilities and Equity	<u>6,486,505</u>	<u>5,955,339</u>

These consolidated financial statements were approved by the Board of Directors and authorised for issue on
and signed on their behalf by:

Director: _____

Director: _____

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Trinidad and Tobago Dollars)

	For the year ended 31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Revenue:		
Finance lease income	656,907	427,378
Other revenue	<u>485,420</u>	<u>12,056</u>
Total revenue	<u>1,142,327</u>	<u>439,434</u>
Expenditure:		
Administrative expenses	94,653	70,028
Finance cost	(790)	(801)
Operating expense	<u>32,009</u>	<u>30,275</u>
Total expenditure	<u>125,872</u>	<u>99,502</u>
Operating profit before interest income	1,016,455	339,932
Interest income	<u>12,950</u>	<u>263</u>
Net profit before taxation	1,029,405	340,195
Taxation	<u>(267,798)</u>	<u>(87,433)</u>
Net profit for the year	761,607	252,762
Other Comprehensive Income:		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation adjustment	<u>2,072</u>	<u>84</u>
Total Comprehensive Income	<u><u>763,679</u></u>	<u><u>252,846</u></u>
Attributable to:		
Equity holders	763,679	227,735
Non-controlling interest	<u>-</u>	<u>25,111</u>
Net profit for the year	<u><u>763,679</u></u>	<u><u>252,846</u></u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago Dollars)

	<u>Stated Capital</u> (\$'000)	<u>Capital Contributions</u> (\$'000)	<u>Retained Earnings</u> (\$'000)	<u>Non- Controlling Interest</u> (\$'000)	<u>Total Equity</u> (\$'000)
Year ended 31 December 2012					
Balance as at 1 January 2012	-	4,667,265	(123,163)	(13,579)	4,530,523
Transfer of share capital	5,007	(5,007)	-	-	-
Net profit for the year	-	-	227,735	25,111	252,846
Capital contributions	-	217,094	-	-	217,094
Balance as at 31 December 2012	<u>5,007</u>	<u>4,879,352</u>	<u>104,572</u>	<u>11,532</u>	<u>5,000,463</u>
Year ended 31 December 2013					
Balance as at 1 January 2013	5,007	4,879,352	104,572	11,532	5,000,463
Net profit for the year	-	-	763,679	-	763,679
Difference on exchange	15	-	-	-	15
Capital contributions	-	(4,785)	-	-	(4,785)
Transfer of equity interest	-	-	11,532	(11,532)	-
Premium on share purchase	-	75,453	-	-	75,453
Transfer of capital to liabilities	-	(3,551,231)	-	-	(3,551,231)
Balance as at 31 December 2013	<u>5,022</u>	<u>1,398,789</u>	<u>879,783</u>	<u>-</u>	<u>2,283,594</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in Trinidad and Tobago Dollars)

	For the year ended 31 December	
	<u>2013</u>	<u>2012</u>
	(\$'000)	(\$'000)
<u>OPERATING ACTIVITIES</u>		
Net profit before taxation	1,029,404	340,195
Adjustment for:		
Depreciation	12,211	2,636
Difference on exchange	2,072	84
Interest income	(12,950)	(263)
Finance lease collection	<u>19,399</u>	<u>-</u>
Net profit before changes in working capital	1,050,136	342,652
Net change in trade and other receivables	(531,261)	(111,538)
Net change in amounts due from related parties	3,562,920	(101,733)
Net change in trade payables	(514,474)	97,343
Net change in inventories	(9,937)	(14,602)
Net change in due to related parties	<u>-</u>	<u>27,836</u>
	3,557,384	239,958
Interest received (net)	12,950	263
Tax paid	<u>1,758</u>	<u>(7,332)</u>
Cash provided by Operating Activities	<u>3,572,092</u>	<u>232,889</u>
<u>INVESTING ACTIVITIES</u>		
Additions to property, plant and equipment	(45,978)	(418,162)
Net change in intangible asset	(75,453)	-
Net change in restricted cash	<u>-</u>	<u>181,800</u>
Cash used in Investing Activities	<u>(121,431)</u>	<u>(236,362)</u>
<u>FINANCING ACTIVITIES</u>		
Net change in capital contributions	(3,480,563)	212,087
Net change in share capital	<u>15</u>	<u>5,007</u>
Cash (used in)/provided by Financing Activities	<u>(3,480,548)</u>	<u>217,094</u>
Net change in cash resources	(29,887)	213,621
Net cash resources, beginning of year	<u>565,081</u>	<u>351,460</u>
Net cash resources, end of year	<u>535,194</u>	<u>565,081</u>
Represented by:		
Cash resources	<u>535,194</u>	<u>565,081</u>



Chartered Accountants
& Business Advisors

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States Dollars)

31 DECEMBER 2013



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UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

Building 5, Christina Courts, 33 – 35 Boisierre No. 1, Maraval,
Republic of Trinidad and Tobago

Statement of Management Responsibilities

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of Union Estate Electricity Generation Company Limited, which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the company keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- using reasonable and prudent judgement in the determination of estimates.

In preparing these audited consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Director

Date: November 22, 2016



Director

Date: November 22, 2016

Directors: David D'Andrade - Chairman • Soraya Nanan • Phil Achan • Selvon Ramroop



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Shareholder Union Estate Electricity Generation Company Limited

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Union Estate Electricity Generation Company Limited as of 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard.

**Port of Spain
22 November 2016**

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PKF | 90 Edward Street | Port-of-Spain | PO Bag 250 Belmont | Trinidad | WI

Partners: Renée-Lisa Philip | Mark K. Superville

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in United States Dollars)

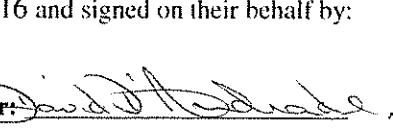
ASSETS

		31 December	
	<u>Notes</u>	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Current Assets:			
Cash resources	5	83,124	88,025
Trade and other receivables	6	100,891	18,432
Net investment in leased assets (current)	7	3,366	3,020
Inventories	8	6,048	4,518
Tax recoverable		<u>1,003</u>	<u>1,003</u>
Total Current Assets		194,432	114,998
Non-Current Assets:			
Intangible asset	9	11,719	-
Deferred tax asset	10	44,416	55,449
Property, plant and equipment	11	19,525	16,511
Net investment in leased asset (non-current)	7	<u>737,364</u>	<u>740,730</u>
Total Assets		<u><u>1,007,456</u></u>	<u><u>927,688</u></u>

LIABILITIES AND EQUITY

Current Liabilities:			
Trade and other liabilities	12	4,112	84,266
Tax payable		<u>769</u>	<u>79</u>
Total Current Liabilities		4,881	84,345
Non-Current Liabilities:			
Amounts due to related parties	13	554,180	805
Deferred tax liabilities	10	<u>93,717</u>	<u>63,595</u>
Total Liabilities		<u>652,778</u>	<u>148,745</u>
Equity:			
Stated capital	14	780	780
Capital contributions	15	217,254	760,077
Retained earnings		<u>136,644</u>	<u>16,290</u>
Capital and reserves attributable to equity holders		354,678	777,147
Non-controlling interest		<u>-</u>	<u>1,796</u>
Total Equity		<u>354,678</u>	<u>778,943</u>
Total Liabilities and Equity		<u><u>1,007,456</u></u>	<u><u>927,688</u></u>

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 22 November 2016 and signed on their behalf by:

Director: 

Director: 

(The accompanying notes are an integral part of these consolidated financial statements)

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in United States Dollars)

		For the year ended 31 December	
	<u>Notes</u>	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Revenue:			
Finance lease income		102,263	66,644
Other revenue	16	<u>75,567</u>	<u>1,880</u>
Total revenue		<u>177,830</u>	<u>68,524</u>
Expenditure:			
Administrative expenses	17	14,735	10,920
Finance cost	18	(123)	(125)
Operating expense	19	<u>4,983</u>	<u>4,721</u>
Total expenditure		<u>19,595</u>	<u>15,516</u>
Operating profit before interest income		158,235	53,008
Interest income		<u>2,016</u>	<u>41</u>
Net profit before taxation		160,251	53,049
Taxation	20	<u>(41,689)</u>	<u>(13,634)</u>
Net profit for the year		118,562	39,415
Other Comprehensive Income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation adjustment		<u>(4)</u>	<u>6</u>
Total Comprehensive Income		<u>118,558</u>	<u>39,421</u>
Attributable to:			
Equity holders		118,558	35,506
Non-controlling interest		<u>-</u>	<u>3,915</u>
Net profit for the year		<u>118,558</u>	<u>39,421</u>

(The accompanying notes form an integral part of these consolidated financial statements)

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in United States Dollars)

	<u>Stated Capital</u> (\$'000)	<u>Capital Contributions</u> (\$'000)	<u>Retained Earnings</u> (\$'000)	<u>Non- Controlling Interest</u> (\$'000)	<u>Total Equity</u> (\$'000)
Year ended 31 December 2012					
Balance as at 1 January 2012	-	728,202	(19,216)	(2,119)	706,867
Transfer of share capital	780	(780)	-	-	-
Net profit for the year	-	-	35,506	3,915	39,421
Capital contributions	-	32,655	-	-	32,655
Balance as at 31 December 2012	<u>780</u>	<u>760,077</u>	<u>16,290</u>	<u>1,796</u>	<u>778,943</u>
Year ended 31 December 2013					
Balance as at 1 January 2013	780	760,077	16,290	1,796	778,943
Net profit for the year	-	-	118,558	-	118,558
Capital contributions	-	(743)	-	-	(743)
Transfer of equity interest	-	-	1,796	(1,796)	-
Premium on share purchase	-	11,719	-	-	11,719
Transfer of capital to liabilities	-	(553,799)	-	-	(553,799)
Balance as at 31 December 2013	<u>780</u>	<u>217,254</u>	<u>136,644</u>	<u>-</u>	<u>354,678</u>

(The accompanying notes form an integral part of these consolidated financial statements)

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in United States Dollars)

	For the year ended 31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
<u>OPERATING ACTIVITIES</u>		
Net profit before taxation	160,251	53,049
Adjustment for:		
Depreciation	1,901	411
Unrealised gain on foreign exchange	(4)	6
Interest income	(2,016)	(41)
Finance lease collection	3,020	749
Net profit before changes in working capital	163,152	54,174
Net change in trade and other receivables	(82,459)	(17,373)
Net change in amounts due from related parties	-	4,343
Net change in trade payables	(79,890)	15,053
Net change in inventories	(1,530)	(2,271)
Net change in due to related parties	553,375	(15,874)
	552,648	38,052
Interest received (net)	2,016	41
Tax paid	(108)	(1,148)
Cash provided by Operating Activities	554,556	36,945
<u>INVESTING ACTIVITIES</u>		
Additions to property, plant and equipment	(4,915)	(64,776)
Net change in intangible asset	(11,719)	-
Net change in restricted cash	-	28,365
Cash used in Investing Activities	(16,634)	(36,411)
<u>FINANCING ACTIVITIES</u>		
Net change in capital contributions	(542,823)	31,875
Net change in share capital	-	780
Cash (used in)/provided by Financing Activities	(542,823)	32,655
Net change in cash resources	(4,901)	33,189
Net cash resources, beginning of year	88,025	54,836
Net cash resources, end of year	83,124	88,025
Represented by:		
Cash resources	83,124	88,025

(The accompanying notes form an integral part of these consolidated financial statements)

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Expressed in United States Dollars)****31 DECEMBER 2013****1. Principal Business Activities:**

Union Estate Electricity Generation Company Limited (UEEGCL) was incorporated on 26 February 2008 to hold equity on behalf of the Government of Trinidad and Tobago, in the acquisition, construction, ownership, sale, and the operation, management and maintenance of power generation facilities. The registered office of UEEGCL is located at Level 15, Eric Williams Financial Complex, Independence Square, Port of Spain.

The purposes of Trinidad Generation Unlimited are limited to engaging in the acquisition, construction, lease, ownership and sale, and the operation, management, maintenance, financing and re-financing of power generation facilities., contracting for the output of power from such facilities, and all actions incidental, necessary or appropriate to the foregoing that may be engaged in by an unlimited liability company formed under the Act.

By Shareholders' Amendment Agreement dated 6 January 2009, UEEGCL owned 90.07% of Trinidad Generation Unlimited, with the other 9.93% being owned by Trinidad and Tobago Power Generation Unlimited, a company whose ultimate parent is AES Corporation of the United States of America.

During 2013, UEEGCL acquired Trinidad and Tobago Power's interest in Trinidad Generation Unlimited. This resulted in 100% of the stated capital of the Company being held by UEEGCL.

The operations of Trinidad Generation Unlimited have been consolidated into these consolidated financial statements.

2. Summary of Significant Accounting Policies:**(a) Basis of preparation -**

These consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRSs) and are stated in United States dollars. The consolidated financial statements are expressed in thousands of dollars rounded to the nearest **\$1,000**. These consolidated financial statements have been prepared on the historical cost basis. The accounting policies used are consistent with those of previous year.

(b) Use of estimates -

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in United States Dollars)**31 DECEMBER 2013****2. Summary of Significant Accounting Policies (Cont'd):****(c) New Accounting Standards and Interpretations -**

- i) The Company has not applied the following standards and amendments that became effective during the current year, as they do apply to the activities of the Company:

IAS 1 Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (effective for accounting periods beginning on or after 1 July 2012).

IFRS 7 Financial Instruments: Disclosure – Amendment on the disclosure of offsetting financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2013).

IFRS 13 Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013).

- ii) The Company has not applied the following standards, revised standards and interpretations that became effective during the current year, as they do not apply to the activities of the Company:

IAS 16 Property, Plant and Equipment – Amendment re: classification of servicing equipment (effective for accounting periods beginning on or after 1 January 2013).

IAS 19 Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective for accounting periods beginning on or after 1 January 2013).

IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013).

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):

(c) New Accounting Standards and Interpretations (cont'd) -

- | | |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IAS 28 | Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013). |
| IAS 34 | Interim Financial Reporting – Amendment on the clarification of interim financial reporting on segment information (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 10 | Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 10 | Consolidated Financial Statements – Amendment to the transition guidance on consolidated financial statements, joint arrangements and disclosures of interest in other entities (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 11 | Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 12 | Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013). |
| IFRIC 20 | Stripping Costs in the Production Phase of a Surface Mine (effective for accounting periods beginning on or after 1 January 2013). |
- iii) The Company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Company or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:**
- | | |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IFRS 1 | First-time Adoption of International Financial Reporting Standards – Amendment on borrowing costs relating to qualifying assets (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 1 | First-time Adoption of International Financial Reporting Standards – Government Loans (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 2 | Share-based payment – Amendment to the definition of vesting condition (effective for accounting periods beginning on or after 1 July 2014). |

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):

(c) New Accounting Standards and Interpretations (cont'd) -

- IFRS 3 Business Combinations – Amendment re: accounting for a contingent consideration in a business combination (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 3 Business Combinations – Amendment on the scope of exception for joint ventures (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 8 Operating Segments – Amendment re: disclosure of the aggregation of operating segments and the reconciliation of assets (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 9 Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2015).
- IFRS 9 Financial Instruments: Accounting for Financial Liabilities and Derecognition (effective for accounting periods beginning on or after 1 January 2015).
- IFRS 10 Consolidated Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IFRS 11 Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013).
- IFRS 12 Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013).
- IFRS 13 Fair Value Measurement – Amendment re: clarification of portfolio exception (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).
- IAS 1 Presentation of Financial Statements – Amendment re: clarification of the requirement for comparative information (effective for accounting periods beginning on or after 1 July 2013).
- IAS 16 Property, Plant and Equipment – Amendment re: proportionate restatement of accumulated depreciation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):

(c) New Accounting Standards and Interpretations (cont'd) -

- IAS 24 Related Party Disclosures – Amendment on disclosures for entities providing key management personnel services (effective for accounting periods beginning on or after 1 July 2014).
- IAS 27 Separate Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IAS 32 Financial Instruments; Presentation – Amendment re: application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014).
- IAS 36 Impairment of Assets – Amendment re: disclosure of recoverable amount on non-financial assets (effective for accounting periods beginning on or after 1 January 2014).
- IAS 38 Intangible Assets – Amendment re: the proportionate restatement of accumulated amortisation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).
- IAS 39 Financial Instruments: Recognition and Measurement – Amendment re: the novation of derivatives and continuation of hedge accounting (effective for accounting periods beginning on or after 1 January 2014).
- IAS 40 Investment Property – Amendment re: clarification of specific transactions that are both business combinations and investment property (effective for accounting periods beginning on or after 1 July 2014).
- IFRIC 21 Levies (effective for accounting periods beginning on or after 1 January 2014).

(d) Financial assets -

Financial assets are classified into the following categories – loans and receivables and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

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2. Summary of Significant Accounting Policies (Cont'd):(d) **Financial assets (cont'd) -***Loans and receivables*

Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market and which UEEGCL does not intend to sell in the short-term or which it has not designated as fair value through profit and loss, available for sale or held to maturity. Loans and receivables are carried at amortized cost using the effective interest method.

Available for sale

Investments intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rate are classified as available for sale. These investments are carried at fair value with realized gains and losses being taken to the profit and loss account and unrealized gains and losses being shown in equity.

Held to maturity

Investments with fixed or determinable payments and fixed maturity which the Group has the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised costs.

(e) **Comparative information -**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(f) **Cash and cash equivalents -**

Cash at bank in the Consolidated Statement of Financial Position comprises of cash held in depository bank accounts as at the reporting date.

For the purposes of the Consolidated Statements 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.

(g) **Property, plant and equipment -**

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

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

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2. Summary of Significant Accounting Policies (Cont'd):

(g) Property, plant and equipment (cont'd) -

The PPA was evaluated in accordance with the provisions of IFRIC 4. This evaluation has resulted in the recognition of a leased asset related to the power plant.

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

The following rates are considered appropriate to write-off the assets over their estimated useful lives are applied:

	%
Computer equipment	33.3
Machinery and equipment	25
Furniture and fixtures	25
Capital spares	3.3 – 11.9

Capital work-in-progress is not depreciated.

The assets' residual values and useful lives are reviewed at each reporting date, and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

(h) Consolidation -

A subsidiary is an entity over which UEEGCL has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether UEEGCL controls another entity. Trinidad Generation Unlimited, in which UEEGCL has a 100% interest, is a subsidiary. The Subsidiary is fully consolidated from the date on which control is transferred to UEEGCL. It de-recognises the assets and liabilities of a former subsidiary from the date on which control ceases.

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2. Summary of Significant Accounting Policies (Cont'd):(h) **Consolidation (cont'd) -**

UEEGCL uses the purchase method of accounting to account for the acquisition of the subsidiary. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of UEEGCL's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income. All intercompany transactions and balances are eliminated on consolidation.

(i) **Stated capital -**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

(j) **Intangible asset -**

Premium of share purchase

This represents the excess of the purchase price of a share acquisition over its book value. Although not subject to amortization, its value will be tested for impairment on an annual basis or more frequently if events or circumstances indicate.

(k) **Foreign currency translation -***Functional and presentation currency*

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency').

*Transactions and balances**Transactions and balances*

Local currency transactions are translated into the presentation currency, United States dollars, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Expressed in United States Dollars)****31 DECEMBER 2013****2. Summary of Significant Accounting Policies (Cont'd):****(l) Taxation -**

UEEGCL is subject to Corporation Tax, as it does not meet the criteria of an Investment Company as defined by the Corporation Tax Act, Section 6(3). Tax on profit or loss for the year comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the taxable income for the year using the prevailing tax rate and any adjustment to tax payable for previous year.

Deferred tax is calculated using the liability method whereby liabilities are recognised for temporary differences arising between the carrying amount of assets and liabilities in the Statement of Financial Position and their tax basis, using tax rates that have been enacted or substantially enacted by the reporting date, which result in taxable amounts in future period. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent it is probable that sufficient taxable profits will be available against which the unused tax losses can be utilised.

(m) Provisions -

Provisions are recognised when UEEGCL has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any other item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit and loss account.

(n) Revenue recognition -

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of activities. Revenue is shown net of value-added-tax, rebates and discounts and after eliminating intergroup sale. Interest income is recognised on the accruals basis and dividend income is accrued for when the right to receive payment is established.

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2. Summary of Significant Accounting Policies (Cont'd):

(o) Foreign currency translation -

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in thousands of United States dollars, which is UEEGCL's functional and presentation currency.

3. Financial Risk Management:

Financial risk factors

On account of Trinidad Generation Unlimited, UEEGCL as a consolidated entity is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by UEEGCL to manage these risks are discussed below:

Financial Instruments

	2013	
	Carrying Value (\$'000)	Fair Value (\$'000)
Financial Assets		
Cash resources	83,124	83,124
Trade and other receivables	100,891	100,891
Net investment in leased assets	740,730	1,323,130
Financial Liabilities		
Trade and other liabilities	4,112	4,112
Amounts due to related parties	554,180	554,180

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3. Financial Risk Management (Cont'd):

Financial Instruments

	2012	
	Carrying Value	Fair Value
Financial Assets	(\$'000)	(\$'000)
Cash resources	88,025	88,025
Trade and other receivables	18,432	18,432
Net investment in leased assets	743,750	1,320,628
 Financial Liabilities		
Trade and other liabilities	84,266	84,266
Amounts due to related parties	805	805

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

(a) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

UEEGCL as a consolidated entity is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

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3. Financial Risk Management (Cont'd):**Financial Instruments**

	Effective Rate	2013			Non-Interest Bearing (\$'000)	Total (\$'000)
		Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)		
Financial Assets						
Cash resources	0.48%	50,000	-	-	33,124	83,124
Trade and other receivables	0.0%	-	-	-	100,891	100,891
Net investment in leased assets	0.0%	-	-	-	740,730	740,730
		<u>50,000</u>	<u>-</u>	<u>-</u>	<u>874,745</u>	<u>924,745</u>
Financial Liabilities						
Trade and other liabilities	0.0%	-	-	-	4,112	4,112
Amounts due to related parties	0.0%	-	-	-	554,180	554,180
		<u>-</u>	<u>-</u>	<u>-</u>	<u>558,292</u>	<u>558,292</u>
2012						
	Effective Rate	Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)	Non-Interest Bearing (\$'000)	Total (\$'000)
Financial Assets						
Cash resources	0.48%	58,000	-	-	30,025	88,025
Trade and other receivables	0.0%	-	-	-	18,432	18,432
Net investment in leased assets	0.0%	-	-	-	743,750	743,750
		<u>58,000</u>	<u>-</u>	<u>-</u>	<u>792,207</u>	<u>850,207</u>
Financial Liabilities						
Trade and other liabilities	0.0%	-	-	-	84,266	84,266
Amounts due to related parties	0.0%	-	-	-	805	805
		<u>-</u>	<u>-</u>	<u>-</u>	<u>85,071</u>	<u>85,071</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in United States Dollars)**31 DECEMBER 2013****3. Financial Risk Management (Cont'd):****(b) Credit risk -**

Credit risk arises when failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. UEEGCL as a consolidated entity has policies in place to control and monitor risk on a continuous basis.

(c) Liquidity risk -

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

UEEGCL as a consolidated entity has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Risk Management -

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of UEEGCL. UEEGCL as a consolidated entity employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of UEEGCL's assets.

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3. Financial Risk Management (Cont'd):(c) **Liquidity risk -**

To manage and reduce liquidity risk UEEGCL's management actively seeks to match cash inflows with liability requirements.

ii. **Liquidity Gap**

	2013			
	Up to <u>1 year</u> (\$'000)	1 to <u>5 years</u> (\$'000)	Over <u>5 years</u> (\$'000)	<u>Total</u> (\$'000)
Financial Assets				
Cash resources	83,124	-	-	83,124
Trade and other receivables	100,891	-	-	100,891
Net investment in leased assets	<u>3,366</u>	<u>18,305</u>	<u>719,059</u>	<u>740,730</u>
	<u><u>187,381</u></u>	<u><u>18,305</u></u>	<u><u>719,059</u></u>	<u><u>924,745</u></u>
Financial Liabilities				
Trade and other liabilities	4,112	-	-	4,112
Amounts due to related parties	<u>554,180</u>	<u>-</u>	<u>-</u>	<u>554,180</u>
	<u><u>558,292</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>558,292</u></u>
2012				
	Up to <u>1 year</u> (\$'000)	1 to <u>5 years</u> (\$'000)	Over <u>5 years</u> (\$'000)	<u>Total</u> (\$'000)
Financial Assets				
Cash resources	88,025	-	-	88,025
Trade and other receivables	18,432	-	-	18,432
Net investment in leased assets	<u>3,020</u>	<u>16,375</u>	<u>724,355</u>	<u>743,750</u>
	<u><u>109,477</u></u>	<u><u>16,375</u></u>	<u><u>724,355</u></u>	<u><u>850,207</u></u>
Financial Liabilities				
Trade and other liabilities	84,266	-	-	84,266
Amounts due to related parties	<u>-</u>	<u>805</u>	<u>-</u>	<u>805</u>
	<u><u>84,266</u></u>	<u><u>805</u></u>	<u><u>-</u></u>	<u><u>85,071</u></u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in United States Dollars)**31 DECEMBER 2013****3. Financial Risk Management (Cont'd):****(d) Currency risk -**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not UEEGCL's measurement currency. UEEGCL's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(e) Operational risk -

Operational risk is the risk derived from deficiencies relating to UEEGCL's information technology and control systems, as well as the risk of human error and natural disasters. UEEGCL's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error.

(f) Compliance risk -

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited by the monitoring controls applied by UEEGCL.

(g) Reputation risk -

The risk of loss of reputation arising from the negative publicity relating to UEEGCL's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against UEEGCL. UEEGCL applies procedures to minimize this risk.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The preparation of these consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying UEEGCL's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. UEEGCL makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk or causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- (i) Whether investments are classified as available for sale, held to maturity or loans and receivables.
- (ii) Whether leases are classified as operating leases or finance leases.
- (iii) Which depreciation method for property, plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the year-end date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Impairment of assets

Management assesses at each year-end date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

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5. Cash Resources:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Cash at bank	33,124	30,025
Short term deposit	<u>50,000</u>	<u>58,000</u>
	<u>83,124</u>	<u>88,025</u>

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

Short terms deposits include US dollars denominated deposits with maturity dates ranging 30 days to 180 days with interest rates from 0.23 % - 0.48 % per annum.

6. Trade and Other Receivables:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Trade receivables	88,488	10,232
Accrued revenue	11,703	6,625
Prepayments and other receivables	<u>700</u>	<u>1,575</u>
	<u>100,891</u>	<u>18,432</u>

7. Investment in Leased Assets:

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

The Company has entered into a Power Purchased 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.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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7. Investment in Leased Assets (Cont'd):

The power plant will be brought into operation in three phases. Each phase will provide incremental capacity for power generation as follows:

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

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

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

	2013		2012	
	Gross investment (\$'000)	Present value of receivable \$ '000	Gross investment (\$'000)	Present value of receivable \$ '000
Within 1 year	105,289	3,366	105,289	3,020
1 to 5 years	421,445	18,305	421,445	16,375
Over 5 years	<u>2,379,249</u>	<u>719,059</u>	<u>2,484,538</u>	<u>724,355</u>
	<u>2,905,983</u>	<u>740,730</u>	<u>3,011,272</u>	<u>743,750</u>

8. Inventories:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Spare parts	6,048	3,763
Materials in transit	<u>-</u>	<u>755</u>
	<u>6,048</u>	<u>4,518</u>

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9. Intangible Asset:

This represents a premium calculated as the excess of the purchase price of the minority interest in Trinidad Generation Unlimited over the book value of the shares purchased.

10. Deferred Taxation:

	31 December	
	<u>2013</u>	<u>2012</u>
	(\$'000)	(\$'000)
Significant components of deferred tax are as follows:		
Deferred tax asset:		
Tax losses	<u>44,416</u>	<u>55,449</u>
Deferred tax liabilities:		
Finance lease	93,385	63,544
Plant and equipment	<u>332</u>	<u>51</u>
	<u>93,717</u>	<u>63,595</u>

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

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11. Property, Plant and Equipment:

	Computer Equipment (\$'000)	Furniture & Fixtures (\$'000)	Machinery and Equipment \$('000)	Other Assets (\$'000)	Capital Spares (\$'000)	2013 (\$'000)	2012 (\$'000)
Cost							
Balance as at 1 January 2013	8	6	356	894	15,844	17,108	329,231
Additions	13	-	977	1,096	2,829	4,915	64,776
Transfer to finance lease	-	-	-	-	-	-	(376,899)
Balance as at 31 December 2013	<u>21</u>	<u>6</u>	<u>1,333</u>	<u>1,990</u>	<u>18,673</u>	<u>22,023</u>	<u>17,108</u>
Accumulated Depreciation							
Balance as at 1 January 2013	6	2	114	362	113	597	186
Charge for the year	<u>7</u>	<u>1</u>	<u>94</u>	<u>253</u>	<u>1,546</u>	<u>1,901</u>	<u>411</u>
Balance as at 31 December 2013	<u>13</u>	<u>3</u>	<u>208</u>	<u>615</u>	<u>1,659</u>	<u>2,498</u>	<u>597</u>
Net Book Value							
Balance as at 31 December 2013	<u>8</u>	<u>3</u>	<u>1,125</u>	<u>1,375</u>	<u>17,014</u>	<u>19,525</u>	<u>16,511</u>

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

	Computer Equipment (\$'000)	Furniture & Fixtures (\$'000)	Machinery and Equipment \$('000)	Other Assets (\$'000)	Capital work in Progress (\$'000)	Capital Spares (\$'000)	<u>2012</u> (\$'000)	<u>2011</u> (\$'000)
Cost								
Balance as at 1 January 2012	7	5	268	460	327,700	791	329,231	659,065
Additions	1	1	88	434	49,199	15,053	64,776	37,990
Transfer to finance lease	-	-	-	-	(376,899)	-	(376,899)	(367,824)
Balance as at 31 December 2012	<u>8</u>	<u>6</u>	<u>356</u>	<u>894</u>	<u>-</u>	<u>15,844</u>	<u>17,108</u>	<u>329,231</u>
Accumulated Depreciation								
	3							
Balance as at 1 January 2012	<u>3</u>	<u>1</u>	<u>20</u>	<u>154</u>	<u>-</u>	<u>8</u>	<u>186</u>	<u>38</u>
Charge for the year	<u>1</u>	<u>1</u>	<u>94</u>	<u>208</u>	<u>-</u>	<u>105</u>	<u>411</u>	<u>147</u>
Balance as at 31 December 2012	<u>6</u>	<u>2</u>	<u>114</u>	<u>362</u>	<u>-</u>	<u>113</u>	<u>597</u>	<u>185</u>
Net Book Value								
	<u>2</u>							
Balance as at 31 December 2012	<u>4</u>	<u>4</u>	<u>242</u>	<u>532</u>	<u>-</u>	<u>15,731</u>	<u>16,511</u>	<u>329,046</u>

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12. Trade and Other Liabilities:

	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Trade payable	793	48,776
Other payable	<u>3,319</u>	<u>35,490</u>
	<u><u>4,112</u></u>	<u><u>84,266</u></u>

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

13. Amounts Due To Related Parties:

UEEGCL is ultimately owned by the Government of Trinidad and Tobago (GORTT). In the ordinary course of its business, UEEGCL 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 and Trinidad and Tobago Electricity Commission.

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for an amounts due to or from related parties. The following table provides the total amount of transactions that have been entered into with related parties for the year.

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Due to related parties		
AES Trinidad Services, Unlimited	-	422
Trinidad and Tobago Power Generation Unlimited	-	2
Government of the Republic of Trinidad and Tobago	553,858	59
National Energy Corporation	<u>322</u>	<u>322</u>
	<u><u>554,180</u></u>	<u><u>805</u></u>
Purchase from related parties		
AES Trinidad Services, Unlimited		
- Management services	-	5,278
Trinidad and Tobago Electricity Commission		
- Liquidated damages	-	1,000
National Energy Corporation		
- Lease rental and premium	<u>334</u>	<u>334</u>
	<u><u>334</u></u>	<u><u>6,612</u></u>
Due from related parties		
Trinidad and Tobago Electricity Commission	<u>100,191</u>	<u>16,857</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

13. Amounts Due to Related Parties (Cont'd):

	31 December	
	<u>2013</u>	<u>2012</u>
	(\$'000)	(\$'000)
Sales to related parties:		
Trinidad and Tobago Commission	<u>104,592</u>	<u>68,524</u>
Compensation of key management personnel		
Short-term employee benefits	<u>742</u>	<u>595</u>

14. Stated Capital:

	31 December	
	<u>2013</u>	<u>2012</u>
	(\$'000)	(\$'000)
Authorised		
Unlimited ordinary shares at par value		
Issued and fully paid		
5,000,010 ordinary shares at TTD\$1 each	<u>780</u>	<u>780</u>

15. Capital Contributions:

	31 December	
	<u>2013</u>	<u>2012</u>
	(\$'000)	(\$'000)
Trinidad and Tobago Power Generation Unlimited	-	19,024
Government of Trinidad and Tobago	<u>217,254</u>	<u>741,053</u>
	<u>217,254</u>	<u>760,077</u>

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

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

16. Other Revenue:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Capacity revenue- CPL adjustment	2,166	1,745
Energy delivered revenues	163	135
Liquidated damages - Non availability (See Note below)	<u>73,238</u>	<u>-</u>
	<u>75,567</u>	<u>1,880</u>

In accordance with the provisions of the Engineering Procurement and Supply contract for the construction of the plant, Trinidad Generation Unlimited filed a claim for late substantial completion payments for delays in delivery of the plant. Trinidad Generation Unlimited was awarded a settlement sum of US\$73.2M which represented the full claim in the amount of US\$106.2 million net of US \$33 million for settlement of other contract issued.

17. Administrative Expenses:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Accounting and audit	18	18
Consultancies	-	29
Depreciation	1,901	411
Directors fees	61	93
Entertainment	1	-
Events and community work	606	455
Insurance	4,322	-
internet	1	-
IT expenses	203	311
Legal and professional	1,845	3,315
Liquidated damages penalty/interest	-	259
Liquidated damages Trinidad and Tobago Electricity Commission	-	1,055
Meals and entertainment	52	82
Miscellaneous	7	7
Office	117	110
Other	256	700
Outsourced personnel services	44	87
Overseas tours	16	8
Rent	409	411
Repairs and maintenance	1	1
Salaries and wages	4,339	3,328
Stationery	-	1
Telephone	1	1
Training	1	-
Travelling	332	99
Utilities Water	<u>202</u>	<u>139</u>
	<u>14,735</u>	<u>10,920</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

18. Finance Cost:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Bank charges	13	10
Financing fees	(2)	8
Loss on foreign exchange	<u>(134)</u>	<u>(143)</u>
Balance, end of the year	<u><u>(123)</u></u>	<u><u>(125)</u></u>

19. Operating Expense:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Calibration and testing	118	180
Contract labour	815	569
Contract services	946	376
Equipment rental	63	54
Other	698	360
Parts and equipment	64	415
Parts and supplies	1,073	1,834
Security	294	136
Training	678	249
Travel and motor vehicle expenses	228	413
Workshop expenses	<u>6</u>	<u>135</u>
	<u><u>4,983</u></u>	<u><u>4,721</u></u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

20. Taxation:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Components of the taxation credit for the year:		
Business Levy	(356)	(137)
Green Fund Levy	(178)	(69)
Deferred tax	<u>(41,155)</u>	<u>(13,428)</u>
	<u>(41,689)</u>	<u>(13,634)</u>

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

Net profit before taxation	<u>160,251</u>	<u>53,049</u>
Income taxes thereon at the rate of 25%	(40,063)	(13,262)
Non-deductible expenses	(593)	(4)
Reversal of impairment of tax losses	254	-
Business Levy	(356)	(137)
Green Fund Levy	(178)	(69)
Other	<u>(753)</u>	<u>(162)</u>
	<u>(41,689)</u>	<u>(13,634)</u>

21. Capital Commitments:

At 31 December 2013, the Company had no contractual commitments, (2012: \$36.04 million).

22. Operating Lease Commitments:

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

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

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

22. Operating Lease Commitments (Cont'd):

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

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Within one year	390	463
After one year but not than five years	1,578	1,715
More than five years	6,678	7,012

23. Contractual Commitments:

On 15 September 2009, Trinidad Generation Unlimited entered into a Power Purchase Agreement for 30 years with Alutrinc Limited (Alutrinc) and the Trinidad and Tobago Electricity Commission (T&TEC) as buyers in which each of the buyers are jointly and severally obligated to fulfilling the terms and conditions of the agreement which provides *inter alia* for 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 July 2011.

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

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

24. Subsequent Events:(i) **T & TEC receivable**

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

(ii) **Financing**

In July 2015, the Board of Directors of Trinidad Generation Unlimited approved and invited bids for long-term financing in the amount of **US\$600 million** for the purpose of repaying the amount owed to the parent company (UEEGCL) in the sum of **US\$568 million**.

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



Chartered Accountants
& Business Advisors

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013



Chartered Accountants
& Business Advisors

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

Building 5, Christina Courts, 33 – 35 Boisierrie No. 1, Maraval,
Republic of Trinidad and Tobago

Statement of Management Responsibilities

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of Union Estate Electricity Generation Company Limited, which comprise the unconsolidated statement of financial position as at 31 December 2013, the unconsolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the company keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- using reasonable and prudent judgement in the determination of estimates.

In preparing these audited unconsolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

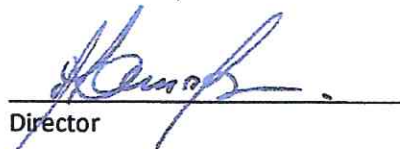
Nothing has come to the attention of management to indicate that the company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Director

Date: November 22, 2016



Director

Date: November 22, 2016

Directors: David D'Andrade - Chairman • Soraya Nanan • Phil Achan • Selvon Ramroop



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Shareholders

Union Estate Electricity Generation Company Limited

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

Management's Responsibility for the Unconsolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and unconsolidated fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the unconsolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of Union Estate Electricity Generation Company Limited as of 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Port of Spain

22 November 2016

Direct tel (868) 624-4569 | Direct fax (868) 624-4388
PKF | 90 Edward Street | Port-of-Spain | PO Bag 250 Belmont | Trinidad | WI

Partners: Renée-Lisa Philip Mark K. Superville

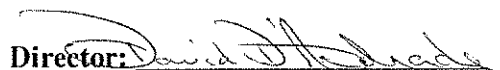
UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Trinidad and Tobago Dollars)

	<u>Notes</u>	31 December	
		<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
ASSETS			
Current Assets:			
Cash resources	5	1,885	3,738
Accounts receivable and prepayments	6	6	6
Due from subsidiary	7	<u>29,118</u>	<u>205,968</u>
Total Current Assets		<u>31,009</u>	<u>209,712</u>
Non-Current Assets:			
Due from subsidiary	7	3,657,216	-
Intangible asset	8	75,451	-
Property, plant and equipment	9	67	38
Investment in subsidiary	10	<u>1,995,238</u>	<u>4,590,951</u>
Total Non-Current Assets		<u>5,727,972</u>	<u>4,590,989</u>
Total Assets		<u>5,758,981</u>	<u>4,800,701</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
Liabilities:			
Accounts payable and accruals	11	363	438
Due to subsidiary		<u>3,565,633</u>	<u>-</u>
Total Liabilities		<u>3,565,996</u>	<u>438</u>
Shareholder's Equity:			
Stated capital	12	5,000	5,000
Advances from shareholder	13	1,319,215	4,691,693
Accumulated surplus		<u>868,770</u>	<u>103,570</u>
Total Shareholder's Equity		<u>2,192,985</u>	<u>4,800,263</u>
Total Liabilities and Shareholder's Equity		<u>5,758,981</u>	<u>4,800,701</u>

These unconsolidated financial statements have been authorized by the Board of Directors for issue on 22 November 2016 and signed on their behalf by:

Director: 

Director: 

(The accompanying notes form an integral part of these unconsolidated financial statements)

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Trinidad and Tobago Dollars)

	For the year ended 31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Revenue:		
Total Revenue	_____ -	_____ -
Expenditure:		
Administrative expenses (Note 14)	_____ 1,813	_____ 2,078
Total Expenditure	_____ 1,813	_____ 2,078
Operating loss	(1,813)	(2,078)
Share of investee profit	_____ 765,177	_____ 228,416
Net profit for the year	763,364	226,338
Other Comprehensive Income:		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation adjustment	_____ 1,836	_____ 29
Total Comprehensive Income	<u>_____ 765,200</u>	<u>_____ 226,367</u>

(The accompanying notes form an integral part of these unconsolidated financial statements)

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013

	Accumulated Surplus (\$'000)
Balance as at 1 January 2012	(122,797)
Total Comprehensive Income	<u>226,367</u>
Balance as at 31 December 2012	<u>103,570</u>
Balance as at 1 January 2013	103,570
Total Comprehensive Income	<u>765,200</u>
Balance as at 31 December 2013	<u><u>868,770</u></u>

(The accompanying notes form an integral part of these unconsolidated financial statements)

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Trinidad and Tobago Dollars)

	For the year ended 31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Operating Activities:		
Net profit for the year	763,364	226,338
Adjustments:		
Depreciation	52	26
Unrealised gain on foreign exchange	<u>1,836</u>	<u>29</u>
Operating profit before working capital changes	765,252	226,393
Net change in due from subsidiary	176,850	(205,968)
Net change in accounts receivable and prepayments	-	7
Net change in accounts payable and accruals	<u>(75)</u>	<u>43</u>
Cash provided by operating activities	<u>942,027</u>	<u>20,475</u>
Investing Activities:		
Purchase of property, plant and equipment	(81)	(12)
Net change in due from subsidiary	(3,657,216)	-
Net change in due to shareholder	3,565,633	-
Net change in intangible asset	(75,451)	-
Net change in investment in subsidiary	<u>2,595,713</u>	<u>(231,416)</u>
Cash provided by/(used in) investing activities	<u>2,428,598</u>	<u>(231,428)</u>
Financing Activities:		
Net change in advances from shareholders	(3,372,478)	206,385
Net change in share capital	<u>-</u>	<u>5,000</u>
Cash (used in)/provided by financing activities	<u>(3,372,478)</u>	<u>211,385</u>
Net change in cash and cash equivalents	(1,853)	432
Cash and cash equivalents, beginning of year	<u>3,738</u>	<u>3,306</u>
Cash and cash equivalents, end of year	<u><u>1,885</u></u>	<u><u>3,738</u></u>
Represented by:		
Cash resources	<u><u>1,885</u></u>	<u><u>3,738</u></u>

(The accompanying notes form an integral part of these unconsolidated financial statements)

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS****(Expressed in Trinidad and Tobago Dollars)****31 DECEMBER 2013****1. Principal Business Activities:**

Union Estate Electricity Generation Company Limited (UEEGCL) was incorporated on 26 February 2008 to hold equity on behalf of the Government of Trinidad and Tobago, in the acquisition, construction, ownership, sale, and the operation, management and maintenance of power generation facilities. The registered office of UEEGCL is located at Level 15, Eric Williams Financial Complex, Independence Square, Port of Spain.

The purposes of Trinidad Generation Unlimited are limited to engaging in the acquisition, construction, lease, ownership and sale, and the operation, management, maintenance, financing and re-financing of power generation facilities., contracting for the output of power from such facilities, and all actions incidental, necessary or appropriate to the foregoing that may be engaged in by an unlimited liability company formed under the Act.

By Shareholders' Agreement dated 10 July 2008, UEEGCL owned 90.07% of Trinidad Generation Unlimited, with the other 9.93% being owned by Trinidad and Tobago Power Generation Unlimited, a company whose ultimate parent is AES Corporation of the United States of America.

During 2013, UEEGCL acquired Trinidad and Tobago Power's interest in Trinidad Generation Unlimited. This resulted in 100% of the stated capital of the Company being held by UEEGCL.

The operations of Trinidad Generation Unlimited have not been consolidated into these financial statements. Consolidated financial statements are presented separately.

2. Summary of Significant Accounting Policies:**(a) Basis of preparation -**

These unconsolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRSs) and are stated in Trinidad and Tobago dollars rounded to the nearest thousand. These unconsolidated financial statements have been prepared on the historical cost basis. The accounting policies used are consistent with those of previous year.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):

(b) Use of estimates -

The preparation of unconsolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates

(c) New accounting standards and interpretations -

- i) The Company has not applied the following standards and amendments that became effective during the current year, as they do apply to the activities of the Company:

IAS 1 Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (effective for accounting periods beginning on or after 1 July 2012).

IFRS 7 Financial Instruments: Disclosure – Amendment on the disclosure of offsetting financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2013).

IFRS 13 Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013).

- ii) The Company has not applied the following standards, revised standards and interpretations that became effective during the current year, as they do not apply to the activities of the Company:

IAS 16 Property, Plant and Equipment – Amendment re: classification of servicing equipment (effective for accounting periods beginning on or after 1 January 2013).

IAS 19 Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective for accounting periods beginning on or after 1 January 2013).

IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013).

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):

(c) New accounting standards and interpretations (cont'd) -

- | | |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IAS 28 | Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013). |
| IAS 34 | Interim Financial Reporting – Amendment on the clarification of interim financial reporting on segment information (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 10 | Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 10 | Consolidated Financial Statements – Amendment to the transition guidance on consolidated financial statements, joint arrangements and disclosures of interest in other entities (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 11 | Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 12 | Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013). |
| IFRIC 20 | Stripping Costs in the Production Phase of a Surface Mine (effective for accounting periods beginning on or after 1 January 2013). |
- iii) The Company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Company or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:**
- | | |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IFRS 1 | First-time Adoption of International Financial Reporting Standards – Amendment on borrowing costs relating to qualifying assets (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 1 | First-time Adoption of International Financial Reporting Standards – Government Loans (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 2 | Share-based payment – Amendment to the definition of vesting condition (effective for accounting periods beginning on or after 1 July 2014). |

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):(c) **New accounting standards and interpretations (cont'd) -**

- IFRS 3 Business Combinations – Amendment re: accounting for a contingent consideration in a business combination (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 3 Business Combinations – Amendment on the scope of exception for joint ventures (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 8 Operating Segments – Amendment re: disclosure of the aggregation of operating segments and the reconciliation of assets (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 9 Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2015).
- IFRS 9 Financial Instruments: Accounting for Financial Liabilities and Derecognition (effective for accounting periods beginning on or after 1 January 2015).
- IFRS 10 Consolidated Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IFRS 11 Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013).
- IFRS 12 Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013).
- IFRS 13 Fair Value Measurement – Amendment re: clarification of portfolio exception (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):

(c) New accounting standards and interpretations (cont'd) -

- | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IAS 1 | Presentation of Financial Statements – Amendment re: clarification of the requirement for comparative information (effective for accounting periods beginning on or after 1 July 2013). |
| IAS 16 | Property, Plant and Equipment – Amendment re: proportionate restatement of accumulated depreciation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014). |
| IAS 24 | Related Party Disclosures – Amendment on disclosures for entities providing key management personnel services (effective for accounting periods beginning on or after 1 July 2014). |
| IAS 27 | Separate Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 32 | Financial Instruments; Presentation – Amendment re: application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 36 | Impairment of Assets – Amendment re: disclosure of recoverable amount on non-financial assets (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 38 | Intangible Assets – Amendment re: the proportionate restatement of accumulated amortisation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014). |
| IAS 39 | Financial Instruments: Recognition and Measurement – Amendment re: the novation of derivatives and continuation of hedge accounting (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 40 | Investment Property – Amendment re: clarification of specific transactions that are both business combinations and investment property (effective for accounting periods beginning on or after 1 July 2014). |
| IFRIC 21 | Levies (effective for accounting periods beginning on or after 1 January 2014). |

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):

(d) Property, plant and equipment -

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided using the diminishing balance method.

The following rates are considered appropriate to write-off the assets over their estimated useful lives:

Furniture, fixtures and fittings	-	25%
Office equipment	-	33.3%

The assets' residual values and useful lives are reviewed at each reporting date, and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

(e) Financial assets -

Financial assets are classified into the following categories – loans and receivables and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market and which UEEGCL does not intend to sell in the short-term or which it has not designated as fair value through profit and loss, available for sale or held to maturity. Loans and receivables are carried at amortized cost using the effective interest method. As at the reporting date, the company had no loans or receivables.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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2. Summary of Significant Accounting Policies (Cont'd):(e) **Financial assets (cont'd) -***Available for sale*

Investments intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rate are classified as available for sale. These investments are carried at fair value with realized gains and losses being taken to the profit and loss account and unrealized gains and losses being shown in equity. As at the reporting date, the company had no available for sale financial assets.

Held to maturity

Investments with fixed or determinable payments and fixed maturity which the Group has the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised costs. The investment in subsidiary is considered a held-to-maturity financial asset.

(f) **Comparative information -**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(g) **Accounting for investment in subsidiary -**

The investment in subsidiary is accounted for at cost, in accordance with IAS 27. Additional capital contributions increase the investment in subsidiary.

(h) **Cash and cash equivalents -**

Cash and cash equivalents comprise cash on hand and deposits held on call with banks. The unconsolidated financial statements are expressed in thousands of dollars rounded to the nearest \$1,000. Cash and cash equivalents carry a value less than five hundred dollars (\$500). Therefore, the balance is shown as \$nil.

(i) **Stated capital -**

Stated capital comprises shares and is classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds. The unconsolidated financial statements are expressed in thousands of dollars rounded to the nearest \$1,000. Stated capital carries a value less than five hundred dollars (\$500). Therefore, the balance is shown as \$nil.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):(j) **Intangible asset -**

Premium of share purchase

This represents the excess of the purchase price of a share acquisition over its book value. Although not subject to amortization, its value will be tested for impairment on an annual basis or more frequently if events or circumstances indicate.

(k) **Revenue recognition -**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, the provision of a service or the use by others of entity assets yielding interests, royalties and/or dividends. Revenue is shown net of value-added-tax, rebates and discounts and after eliminating inter-group sales. Interest income is recognised on the accruals basis and dividend income is accrued for when the right to receive payment is established. The organisation had no revenue in 2013.

(l) **Foreign currency translation -***Functional and presentation currency*

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency').

Transactions and balances

Foreign currency transactions are translated into the presentation currency, Trinidad and Tobago dollars, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Unconsolidated Statement of Comprehensive Income.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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31 DECEMBER 2013

3. Financial Risk Management:**Financial risk factors**

UEEGCL is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by UEEGCL to manage these risks are discussed below:

Financial Instruments

	2013	
	<u>Carrying Value</u> (\$'000)	<u>Fair Value</u> (\$'000)
Financial Assets		
Cash resources	1,885	1,885
Accounts receivable and prepayments	6	6
Due from subsidiary	3,686,334	3,686,334
Financial Liabilities		
Accounts payable and accruals	363	363
Due from shareholder	3,565,633	3,565,633
	2012	
	<u>Carrying Value</u> (\$'000)	<u>Fair Value</u> (\$'000)
Financial Assets		
Cash resources	3,738	3,738
Accounts receivable and prepayments	6	6
Due from subsidiary	205,968	205,968
Financial Liabilities		
Accounts payable and accruals	438	438

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013

3. Financial Risk Management (Cont'd):(a) **Interest rate risk -**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

	Effective Rate	2013				Non- Interest Bearing (\$'000)	Total (\$'000)
		Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)			
Financial Assets							
Cash resources	0.0%	1,885	-	-	-	1,885	
Accounts receivable and prepayments	0.0%	-	-	-	6	6	
Due from subsidiary	0.0%	-	-	-	3,686,334	3,686,334	
		<u>1,885</u>	<u>-</u>	<u>-</u>	<u>3,686,340</u>	<u>3,688,225</u>	
Financial Liabilities							
Accounts payable and accruals					363	363	
Due to shareholder	0.0%	-	-	-	3,565,633	3,565,633	
	0.0%	-	-	-	<u>3,565,996</u>	<u>3,565,996</u>	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,565,996</u>	<u>3,565,996</u>	
	Effective Rate	2012				Non- Interest Bearing (\$'000)	Total (\$'000)
		Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)			
Financial Assets							
Cash resources	0.0%	3,738	-	-	-	3,738	
Accounts receivable and prepayments	0.0%	-	-	-	6	6	
Due from subsidiary	0.0%	-	-	-	205,968	205,968	
		<u>3,738</u>	<u>-</u>	<u>-</u>	<u>205,974</u>	<u>209,712</u>	
Financial Liabilities							
Accounts payable and accruals	0.0%	-	-	-	438	438	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>438</u>	<u>438</u>	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>438</u>	<u>438</u>	

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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31 DECEMBER 2013

3. Financial Risk Management (Cont'd):(b) **Credit risk -**

Credit risk arises when failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. UEEGCL has no significant concentration of credit risk.

(c) **Liquidity risk -**

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. UEEGCL's capital commitments are guaranteed by the Government of Trinidad and Tobago. This significantly limits its exposure to liquidity risk.

UEEGCL has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Risk Management -

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of UEEGCL. UEEGCL as a consolidated entity employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of UEEGCL's assets.

To manage and reduce liquidity risk UEEGCL's management actively seeks to match cash inflows with liability requirements:

	2013			
	Up to <u>1 year</u> (\$'000)	1 to <u>5 years</u> (\$'000)	Over <u>5 years</u> (\$'000)	<u>Total</u> (\$'000)
Financial Assets				
Cash resources	1,885	-	-	1,885
Accounts receivable and prepayments	6	-	-	6
Due from subsidiary	<u>29,118</u>	<u>-</u>	<u>3,657,216</u>	<u>3,686,334</u>
	<u>31,009</u>	<u>-</u>	<u>3,657,216</u>	<u>3,688,225</u>
Financial Liabilities				
Accounts payable and accrual	363	-	-	363
Due to shareholder	<u>-</u>	<u>-</u>	<u>3,565,633</u>	<u>3,565,633</u>
	<u>363</u>	<u>-</u>	<u>3,565,633</u>	<u>3,565,996</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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3. Financial Risk Management (Cont'd):

(c) Liquidity risk (cont'd) -

	2012			
	Up to <u>1 year</u> (\$'000)	1 to <u>5 years</u> (\$'000)	Over <u>5 years</u> (\$'000)	<u>Total</u> (\$'000)
Financial Assets				
Cash resources	3,738	-	-	3,738
Accounts receivable and prepayments	6	-	-	6
Due from subsidiary	<u>205,968</u>	<u>-</u>	<u>-</u>	<u>205,968</u>
	<u>209,712</u>	<u>-</u>	<u>-</u>	<u>209,712</u>
Financial Liabilities				
Accounts payable and accrual	<u>438</u>	<u>-</u>	<u>-</u>	<u>438</u>
	<u>438</u>	<u>-</u>	<u>-</u>	<u>438</u>

(d) Currency risk -

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not UEEGCL's measurement currency. UEEGCL is exposed to foreign exchange risk arising from currency exposure to the United States Dollar. UEEGCL's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(e) Operational risk -

Operational risk is the risk derived from deficiencies relating to UEEGCL's information technology and control systems, as well as the risk of human error and natural disasters. UEEGCL has limited internal operations. Its operational risk is through its involvement with its subsidiary. Through its selection of the Chief Executive Officer and majority of the Board of Directors of Trinidad Generation Unlimited, UEEGCL is able to mitigate against operational risk by evaluating, maintaining and upgrading the company's systems continuously. Supervisory controls are also installed to minimise human error.

(f) Compliance risk -

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the monitoring controls applied by UEEGCL through its outsourced accounting and advisory functions.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)****31 DECEMBER 2013****3. Financial Risk Management (Cont'd):****(g) Reputation risk -**

The risk of loss of reputation arising from the negative publicity relating to UEEGCL's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue, and legal cases against UEEGCL. UEEGCL keeps a low profile in an effort to minimize this risk.

4. Critical Accounting Estimates and Judgements:

The preparation of these unconsolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying UEEGCL's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. UEEGCL makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk or causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Changes in accounting estimates are recognised in the Unconsolidated Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the unconsolidated financial statements, includes whether investments are classified as held to maturity investments, available for sale or loans and receivables.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013

4. Critical Accounting Estimates and Judgements (Cont'd):

The key assumptions concerning the future and other key sources of estimation uncertainty at the year-end date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Impairment of assets

Management assesses at each year-end date whether its investment in subsidiary is impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Allowances are made for the excess of the carrying value over its recoverable amount.

5. Cash Resources:

	31 December	
	<u>2013</u>	<u>2012</u>
	(\$'000)	(\$'000)
Cash in hand	4	4
First Citizens Bank Limited	<u>1,881</u>	<u>3,734</u>
	<u>1,885</u>	<u>3,738</u>

6. Accounts Receivable and Prepayments:

	31 December	
	<u>2013</u>	<u>2012</u>
	(\$'000)	(\$'000)
Prepayment	<u>6</u>	<u>6</u>
	<u>6</u>	<u>6</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013

7. Due from Subsidiary:

	31 December	
	<u>2013</u>	<u>2012</u>
	(\$'000)	(\$'000)
a. Cash on hold	9,803	205,968
b. Dividend receivable	19,315	-
c. Capital contributions	<u>3,657,216</u>	<u>-</u>
	<u>3,686,334</u>	<u>205,968</u>
Amounts due within one year	29,118	205,968
Amounts due after one year	<u>3,657,216</u>	<u>-</u>
	<u><u>3,686,334</u></u>	<u><u>205,968</u></u>

- a. This balance relates to monies transferred to Trinidad Generation Unlimited to be held in their US dollar bank account until the funds are required for use by UEEGCL.
- b. On 28 November 2013, the Board of Directors of Trinidad Generation Unlimited approved an interim dividend of US \$3 million for the year ended 31 December 2013.
- c. In March 2014, the Ministry of Finance clarified that Union Estate Electricity Generation Company Limited position in Trinidad Generation Unlimited would be that of 75% debt and 25% equity effective 31 July 2013. As a consequences, 75% of the capital contributions paid by Limited will be repaid upon a successful loan refinancing by the company. This amount has been duly reclassified to current assets effective 31 July 2013.

Union Estate Electricity Generation Company Limited is expected to return these funds to the government of Trinidad and Tobago upon receipt from Trinidad Generation Unlimited. as a result, this amount has been recorded both as an asset and a liability.

8. Intangible Asset:

This represents a premium calculated as the excess of the purchase price of the minority interest in Trinidad Generation Unlimited over the book value of the shares purchased.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013

9. Property, Plant and Equipment:

Cost	<u>Computer Equipment</u> (\$'000)	<u>Furniture Fixtures</u> (\$'000)	<u>Total</u> (\$'000)
Balance as at 1 January 2013	50	36	86
Additions	<u>81</u>	<u>-</u>	<u>81</u>
Balance as at 31 December 2013	<u>131</u>	<u>36</u>	<u>167</u>
Accumulated Depreciation			
Balance as at 1 January 2013	31	17	48
Charge for the year	<u>43</u>	<u>9</u>	<u>52</u>
Balance as at 31 December 2013	<u>74</u>	<u>26</u>	<u>100</u>
Net Book Value			
Balance as at 31 December 2013	<u><u>57</u></u>	<u><u>10</u></u>	<u><u>67</u></u>
Balance as at 31 December 2012	<u><u>19</u></u>	<u><u>19</u></u>	<u><u>38</u></u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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31 DECEMBER 2013

9. Property, Plant and Equipment (Cont'd):

Cost	Computer Equipment (\$'000)	Furniture Fixtures (\$'000)	Total (\$'000)
Balance as at 1 January 2012	45	29	74
Additions	<u>5</u>	<u>7</u>	<u>12</u>
Balance as at 31 December 2012	<u>50</u>	<u>36</u>	<u>86</u>
Accumulated Depreciation			
Balance as at 1 January 2012	15	7	22
Charge for the year	<u>16</u>	<u>10</u>	<u>26</u>
Balance as at 31 December 2012	<u>31</u>	<u>17</u>	<u>48</u>
Net Book Value			
Balance as at 31 December 2012	<u><u>19</u></u>	<u><u>19</u></u>	<u><u>38</u></u>
Balance as at 31 December 2011	<u><u>30</u></u>	<u><u>22</u></u>	<u><u>52</u></u>

10. Investment in Subsidiary:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Balance, beginning of year	4,590,951	4,359,535
Current earnings on investment	765,177	228,416
Additional Government contributions	193,155	3,000
Purchase of non-controlling interest	122,486	-
Transfer to accounts receivable	(3,657,216)	-
Dividend receivable	<u>(19,315)</u>	<u>-</u>
Balance, end of the year	<u><u>1,995,238</u></u>	<u><u>4,590,951</u></u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013

11. Accounts Payable and Accruals:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Accruals	<u>363</u>	<u>438</u>

12. Stated Capital:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Authorised		
Unlimited number of shares of no par value		
Issued and fully paid		
5,000,010 ordinary shares at \$1 each	<u>5,000</u>	<u>5,000</u>

13. Advances from Shareholder:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Balance, beginning of the year	4,691,693	4,485,308
Additional Government contributions	193,155	211,385
Transfer to accounts payable	(3,565,633)	-
Transfer to share capital	<u>-</u>	<u>(5,000)</u>
Balance, end of the year	<u>1,319,215</u>	<u>4,691,693</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2013

14. Administrative Expenses:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Accounting and audit	116	116
Bank charges and interest	1	1
Consultancies	-	187
Depreciation	52	26
Directors' fees	390	598
Entertainment	4	2
Internet	7	7
Legal and professional	663	351
Miscellaneous	45	39
Office	1	1
Outsourced personnel services	282	553
Overseas travel	102	52
Penalties and interest	2	-
Rent	83	83
Repairs and maintenance	8	7
Stationery	2	6
Telephone	8	7
Training	4	-
Travelling	43	42
	<u>1,813</u>	<u>2,078</u>



Chartered Accountants
& Business Advisors

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013



Chartered Accountants
& Business Advisors

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

Building 5, Christina Courts, 33 – 35 Boisierre No. 1, Maraval,
Republic of Trinidad and Tobago

Statement of Management Responsibilities

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of Union Estate Electricity Generation Company Limited, which comprise the unconsolidated statement of financial position as at 31 December 2013, the unconsolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the company keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- using reasonable and prudent judgement in the determination of estimates.

In preparing these audited unconsolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Director

Date: November 22, 2016



Director

Date: November 22, 2016

Directors: David D'Andrade - Chairman • Soraya Nanan • Phil Achan • Selvon Ramroop



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Shareholders Union Estate Electricity Generation Company Limited

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

Management's Responsibility for the Unconsolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and unconsolidated fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the unconsolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of Union Estate Electricity Generation Company Limited as of 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

**Port of Spain
22 November 2016**

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Partners: Renée-Lisa Philip | Mark K. Superville

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

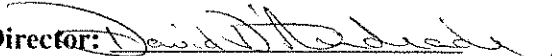
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in United States Dollars)ASSETS

		31 December	
	<u>Notes</u>	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Current Assets:			
Cash resources	5	293	586
Accounts receivable and prepayments	6	1	1
Due from subsidiary	7	<u>4,522</u>	<u>32,276</u>
Total Current Assets		<u>4,816</u>	<u>32,863</u>
Non-Current Assets:			
Due from subsidiary	7	568,023	-
Intangible asset	8	11,719	-
Property, plant and equipment	9	11	6
Investment in subsidiary	10	<u>322,572</u>	<u>725,727</u>
Total Non-Current Assets		<u>902,325</u>	<u>725,733</u>
Total Assets		<u>907,141</u>	<u>758,596</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Liabilities:			
Accounts payable and accruals	11	56	69
Due to shareholder		<u>553,799</u>	<u>-</u>
Total Liabilities		<u>553,855</u>	<u>69</u>
Shareholder's Equity:			
Stated capital	12	780	780
Advances from shareholder	13	217,724	741,523
Accumulated surplus		<u>134,782</u>	<u>16,224</u>
Total Shareholder's Equity		<u>353,286</u>	<u>758,527</u>
Total Liabilities and Shareholder's Equity		<u>907,141</u>	<u>758,596</u>

These unconsolidated financial statements have been authorized by the Board of Directors for issue on 22 November 2016 and signed on their behalf by:

Director: 

Director: 

(The accompanying notes form an integral part of these unconsolidated financial statements)

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Expressed in United States Dollars)

	For the year ended 31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Revenue:		
Total Revenue	_____ -	_____ -
Expenditure:		
Administrative expenses (Note 14)	_____ 282	_____ 325
Total Expenditure	_____ 282	_____ 325
Operating loss	(282)	(325)
Share of investee profit	_____ 118,844	_____ 35,794
Net profit for the year	118,562	35,469
Other Comprehensive Income:		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation adjustment	_____ (4)	_____ 6
Total Comprehensive Income	<u>_____ 118,558</u>	<u>_____ 35,475</u>

(The accompanying notes form an integral part of these unconsolidated financial statements)

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in United States Dollars)

31 DECEMBER 2013

	Accumulated Surplus (\$'000)
Balance as at 1 January 2012	(19,251)
Total Comprehensive Income	<u>35,475</u>
Balance as at 31 December 2012	<u>16,224</u>
Balance as at 1 January 2013	16,224
Total Comprehensive Income	<u>118,558</u>
Balance as at 31 December 2013	<u>134,782</u>

(The accompanying notes form an integral part of these unconsolidated financial statements)

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in United States Dollars)

	For the year ended 31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Operating Activities:		
Net profit for the year	118,562	35,469
Adjustments:		
Depreciation	8	4
Unrealised (loss)/gain on foreign exchange	<u>(4)</u>	<u>6</u>
Operating profit before working capital changes	118,566	35,479
Net change in due from subsidiary	27,754	(32,276)
Net change in accounts receivable and prepayments	-	1
Net change in accounts payable and accruals	<u>(13)</u>	<u>7</u>
Cash provided by operating activities	<u>146,307</u>	<u>3,211</u>
Investing Activities:		
Purchase of property, plant and equipment	(13)	(2)
Net change due from subsidiary	(568,023)	-
Net change due to shareholder	553,799	-
Net change in intangible asset	(11,719)	-
Net change in investment in subsidiary	<u>403,155</u>	<u>(36,264)</u>
Cash provided by/(used in) investing activities	<u>377,199</u>	<u>(36,266)</u>
Financing Activities:		
Net change in advances from shareholders	(523,799)	32,345
Net change in share capital	<u>-</u>	<u>780</u>
Cash (used in)/provided by financing activities	<u>(523,799)</u>	<u>33,125</u>
Net change in cash and cash equivalents	(293)	70
Cash and cash equivalents, beginning of year	<u>586</u>	<u>516</u>
Cash and cash equivalents, end of year	<u><u>293</u></u>	<u><u>586</u></u>
Represented by:		
Cash resources	<u><u>293</u></u>	<u><u>586</u></u>

(The accompanying notes form an integral part of these unconsolidated financial statements)

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in United States Dollars)**31 DECEMBER 2013****1. Principal Business Activities:**

Union Estate Electricity Generation Company Limited (UEEGCL) was incorporated on 26 February 2008 to hold equity on behalf of the Government of Trinidad and Tobago, in the acquisition, construction, ownership, sale, and the operation, management and maintenance of power generation facilities. The registered office of UEEGCL is located at Level 15, Eric Williams Financial Complex, Independence Square, Port of Spain.

The purposes of Trinidad Generation Unlimited are limited to engaging in the acquisition, construction, lease, ownership and sale, and the operation, management, maintenance, financing and re-financing of power generation facilities., contracting for the output of power from such facilities, and all actions incidental, necessary or appropriate to the foregoing that may be engaged in by an unlimited liability company formed under the Act.

By Shareholders' Agreement dated 10 July 2008, UEEGCL owned 90.07% of Trinidad Generation Unlimited, with the other 9.93% being owned by Trinidad and Tobago Power Generation Unlimited, a company whose ultimate parent is AES Corporation of the United States of America.

During 2013, UEEGCL acquired Trinidad and Tobago Power's interest in Trinidad Generation Unlimited. This resulted in 100% of the stated capital of the Company being held by UEEGCL.

The operations of Trinidad Generation Unlimited have not been consolidated into these financial statements. Consolidated financial statements are presented separately.

2. Summary of Significant Accounting Policies:**(a) Basis of preparation -**

These unconsolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRSs) and are stated in Trinidad and Tobago dollars rounded to the nearest thousand. These unconsolidated financial statements have been prepared on the historical cost basis. The accounting policies used are consistent with those of previous year.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):

(b) Use of estimates -

The preparation of unconsolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates

(c) New accounting standards and interpretations -

- i) The Company has not applied the following standards and amendments that became effective during the current year, as they do apply to the activities of the Company:**

IAS 1 Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (effective for accounting periods beginning on or after 1 July 2012).

IFRS 7 Financial Instruments: Disclosure – Amendment on the disclosure of offsetting financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2013).

IFRS 13 Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013).

- ii) The Company has not applied the following standards, revised standards and interpretations that became effective during the current year, as they do not apply to the activities of the Company:**

IAS 16 Property, Plant and Equipment – Amendment re: classification of servicing equipment (effective for accounting periods beginning on or after 1 January 2013).

IAS 19 Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective for accounting periods beginning on or after 1 January 2013).

IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013).

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):

(c) New accounting standards and interpretations (cont'd) -

- | | |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IAS 28 | Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013). |
| IAS 34 | Interim Financial Reporting – Amendment on the clarification of interim financial reporting on segment information (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 10 | Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 10 | Consolidated Financial Statements – Amendment to the transition guidance on consolidated financial statements, joint arrangements and disclosures of interest in other entities (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 11 | Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 12 | Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013). |
| IFRIC 20 | Stripping Costs in the Production Phase of a Surface Mine (effective for accounting periods beginning on or after 1 January 2013). |
- iii) The Company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Company or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:**
- | | |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IFRS 1 | First-time Adoption of International Financial Reporting Standards – Amendment on borrowing costs relating to qualifying assets (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 1 | First-time Adoption of International Financial Reporting Standards – Government Loans (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 2 | Share-based payment – Amendment to the definition of vesting condition (effective for accounting periods beginning on or after 1 July 2014). |

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS****(Expressed in United States Dollars)****31 DECEMBER 2013****2. Summary of Significant Accounting Policies (Cont'd):****(c) New accounting standards and interpretations (cont'd) -**

- IFRS 3 Business Combinations – Amendment re: accounting for a contingent consideration in a business combination (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 3 Business Combinations – Amendment on the scope of exception for joint ventures (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 8 Operating Segments – Amendment re: disclosure of the aggregation of operating segments and the reconciliation of assets (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 9 Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2015).
- IFRS 9 Financial Instruments: Accounting for Financial Liabilities and Derecognition (effective for accounting periods beginning on or after 1 January 2015).
- IFRS 10 Consolidated Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IFRS 11 Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013).
- IFRS 12 Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013).
- IFRS 13 Fair Value Measurement – Amendment re: clarification of portfolio exception (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):

(c) New accounting standards and interpretations (cont'd) -

- | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IAS 1 | Presentation of Financial Statements – Amendment re: clarification of the requirement for comparative information (effective for accounting periods beginning on or after 1 July 2013). |
| IAS 16 | Property, Plant and Equipment – Amendment re: proportionate restatement of accumulated depreciation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014). |
| IAS 24 | Related Party Disclosures – Amendment on disclosures for entities providing key management personnel services (effective for accounting periods beginning on or after 1 July 2014). |
| IAS 27 | Separate Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 32 | Financial Instruments; Presentation – Amendment re: application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 36 | Impairment of Assets – Amendment re: disclosure of recoverable amount on non-financial assets (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 38 | Intangible Assets – Amendment re: the proportionate restatement of accumulated amortisation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014). |
| IAS 39 | Financial Instruments: Recognition and Measurement – Amendment re: the novation of derivatives and continuation of hedge accounting (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 40 | Investment Property – Amendment re: clarification of specific transactions that are both business combinations and investment property (effective for accounting periods beginning on or after 1 July 2014). |
| IFRIC 21 | Levies (effective for accounting periods beginning on or after 1 January 2014). |

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):

(d) Property, plant and equipment -

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided using the diminishing balance method.

The following rates are considered appropriate to write-off the assets over their estimated useful lives:

Furniture, fixtures and fittings	-	25%
Office equipment	-	33.3%

The assets' residual values and useful lives are reviewed at each reporting date, and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

(e) Financial assets -

Financial assets are classified into the following categories – loans and receivables and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market and which UEEGCL does not intend to sell in the short-term or which it has not designated as fair value through profit and loss, available for sale or held to maturity. Loans and receivables are carried at amortized cost using the effective interest method. As at the reporting date, the company had no loans or receivables.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in United States Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):**(e) Financial assets (cont'd) -***Available for sale*

Investments intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rate are classified as available for sale. These investments are carried at fair value with realized gains and losses being taken to the profit and loss account and unrealized gains and losses being shown in equity. As at the reporting date, the company had no available for sale financial assets.

Held to maturity

Investments with fixed or determinable payments and fixed maturity which the Group has the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised costs. The investment in subsidiary is considered a held-to-maturity financial asset.

(f) Comparative information -

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(g) Accounting for investment in subsidiary -

The investment in subsidiary is accounted for at cost, in accordance with IAS 27. Additional capital contributions increase the investment in subsidiary.

(h) Cash and cash equivalents -

Cash and cash equivalents comprise cash on hand and deposits held on call with banks. The unconsolidated financial statements are expressed in thousands of dollars rounded to the nearest **\$1,000**. Cash and cash equivalents carry a value less than five hundred dollars (**\$500**). Therefore, the balance is shown as **\$nil**.

(i) Stated capital -

Stated capital comprises shares and is classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds. The unconsolidated financial statements are expressed in thousands of dollars rounded to the nearest **\$1,000**. Stated capital carries a value less than five hundred dollars (**\$500**). Therefore, the balance is shown as **\$nil**.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

2. Summary of Significant Accounting Policies (Cont'd):(j) **Intangible asset -**

Premium of share purchase

This represents the excess of the purchase price of a share acquisition over its book value. Although not subject to amortization, its value will be tested for impairment on an annual basis or more frequently if events or circumstances indicate.

(k) **Revenue recognition -**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, the provision of a service or the use by others of entity assets yielding interests, royalties and/or dividends. Revenue is shown net of value-added-tax, rebates and discounts and after eliminating inter-group sales. Interest income is recognised on the accruals basis and dividend income is accrued for when the right to receive payment is established. The organisation had no revenue in 2012.

(l) **Foreign currency translation -***Functional and presentation currency*

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency').

Transactions and balances

Foreign currency transactions are translated into the presentation currency, United States dollars, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Unconsolidated Statement of Comprehensive Income.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

3. Financial Risk Management:

Financial risk factors

UEEGCL is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by UEEGCL to manage these risks are discussed below:

Financial Instruments

	2013	
	Carrying Value (\$'000)	Fair Value (\$'000)
Financial Assets		
Cash resources	293	293
Accounts receivable and prepayments	1	1
Due from subsidiary	572,545	572,545
Financial Liabilities		
Accounts payable and accruals	56	56
Due to shareholder	553,799	553,799
	2012	
	Carrying Value (\$'000)	Fair Value (\$'000)
Financial Assets		
Cash resources	586	586
Accounts receivable and prepayments	1	1
Due from subsidiary	32,276	32,276
Financial Liabilities		
Accounts payable and accruals	69	69

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

3. Financial Risk Management (Cont'd):(a) **Interest rate risk -**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

	Effective Rate	2013				Non- Interest Bearing (\$'000)	Total (\$'000)
		Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)			
Financial Assets							
Cash resources	0.0%	293	-	-	-	293	
Accounts receivable and prepayments	0.0%	-	-	-	1	1	
Due from subsidiary	0.0%	-	-	-	572,545	572,545	
		<u>293</u>	<u>-</u>	<u>-</u>	<u>572,546</u>	<u>572,839</u>	
Financial Liabilities							
Accounts payable and accruals	0.0%	-	-	-	56	56	
Due to shareholder	0.0%	-	-	-	553,799	553,799	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>553,855</u>	<u>553,855</u>	
	Effective Rate	2012				Non- Interest Bearing (\$'000)	Total (\$'000)
		Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)			
Financial Assets							
Cash resources	0.0%	586	-	-	-	586	
Accounts receivable and prepayments	0.0%	-	-	-	1	1	
Due from subsidiary	0.0%	-	-	-	32,276	32,276	
		<u>586</u>	<u>-</u>	<u>-</u>	<u>32,277</u>	<u>32,863</u>	
Financial Liabilities							
Accounts payable and accruals	0.0%	-	-	-	69	69	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>69</u>	<u>69</u>	

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

3. Financial Risk Management (Cont'd):

(b) Credit risk -

Credit risk arises when failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. UEEGCL has no significant concentration of credit risk.

(c) Liquidity risk -

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. UEEGCL's capital commitments are guaranteed by the Government of Trinidad and Tobago. This significantly limits its exposure to liquidity risk.

UEEGCL has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Risk Management -

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of UEEGCL. UEEGCL as a consolidated entity employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of UEEGCL's assets.

To manage and reduce liquidity risk UEEGCL's management actively seeks to match cash inflows with liability requirements:

	2013			
	<u>Up to</u> <u>1 year</u> (\$'000)	<u>1 to</u> <u>5 years</u> (\$'000)	<u>Over</u> <u>5 years</u> (\$'000)	<u>Total</u> (\$'000)
Financial Assets				
Cash resources	293	-	-	293
Accounts receivable and prepayments	1	-	-	1
Due from subsidiary	<u>4,522</u>	<u>-</u>	<u>568,023</u>	<u>572,545</u>
	<u><u>4,816</u></u>	<u><u>-</u></u>	<u><u>568,023</u></u>	<u><u>572,839</u></u>
Financial Liabilities				
Accounts payable and accrual	56	-	-	56
Due to shareholder	<u>-</u>	<u>-</u>	<u>553,799</u>	<u>553,799</u>
	<u><u>56</u></u>	<u><u>-</u></u>	<u><u>553,799</u></u>	<u><u>553,855</u></u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

3. Financial Risk Management (Cont'd):(c) **Liquidity risk (cont'd) -**

	2012			Total (\$'000)
	Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)	
Financial Assets				
Cash resources	586	-	-	586
Accounts receivable and prepayments	1	-	-	1
Due from subsidiary	<u>32,276</u>	<u>-</u>	<u>-</u>	<u>32,276</u>
	<u>32,863</u>	<u>-</u>	<u>-</u>	<u>32,863</u>
Financial Liabilities				
Accounts payable and accrual	<u>69</u>	<u>-</u>	<u>-</u>	<u>69</u>
	<u>69</u>	<u>-</u>	<u>-</u>	<u>69</u>

(d) **Currency risk -**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not UEEGCL's measurement currency. UEEGCL is exposed to foreign exchange risk arising from currency exposure to the United States Dollar. UEEGCL's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(e) **Operational risk -**

Operational risk is the risk derived from deficiencies relating to UEEGCL's information technology and control systems, as well as the risk of human error and natural disasters. UEEGCL has limited internal operations. Its operational risk is through its involvement with its subsidiary. Through its selection of the Chief Executive Officer and majority of the Board of Directors of Trinidad Generation Unlimited, UEEGCL is able to mitigate against operational risk by evaluating, maintaining and upgrading the company's systems continuously. Supervisory controls are also installed to minimise human error.

(f) **Compliance risk -**

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the monitoring controls applied by UEEGCL through its outsourced accounting and advisory functions.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)****31 DECEMBER 2013****3. Financial Risk Management (Cont'd):****(g) Reputation risk -**

The risk of loss of reputation arising from the negative publicity relating to UEEGCL's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue, and legal cases against UEEGCL. UEEGCL keeps a low profile in an effort to minimize this risk.

4. Critical Accounting Estimates and Judgements:

The preparation of these unconsolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying UEEGCL's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. UEEGCL makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk or causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Changes in accounting estimates are recognised in the Unconsolidated Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the unconsolidated financial statements, includes whether investments are classified as held to maturity investments, available for sale or loans and receivables.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2013

4. Critical Accounting Estimates and Judgements (Cont'd):

The key assumptions concerning the future and other key sources of estimation uncertainty at the year-end date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Impairment of assets

Management assesses at each year-end date whether its investment in subsidiary is impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Allowances are made for the excess of the carrying value over its recoverable amount.

5. Cash Resources:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Cash in hand	1	1
First Citizens Bank Limited	<u>292</u>	<u>585</u>
	<u><u>293</u></u>	<u><u>586</u></u>

6. Accounts Receivable and Prepayments:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Prepayment	<u><u>1</u></u>	<u><u>1</u></u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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7. Due from Subsidiary:

	31 December	
	<u>2013</u>	<u>2012</u>
	(\$'000)	(\$'000)
a. Cash on hold	1,522	32,276
b. Dividend receivable	3,000	-
c. Capital contributions	<u>568,023</u>	<u>-</u>
	<u>572,545</u>	<u>32,276</u>
Amounts due within one year	4,522	32,276
Amounts due after one year	<u>568,023</u>	<u>-</u>
	<u>572,545</u>	<u>32,276</u>

- a. This balance relates to monies transferred to Trinidad Generation Unlimited to be held in their US dollar bank account until the funds are required for use by UEEGCL.
- b. On 28 November 2013, the Board of Directors of Trinidad Generation Unlimited approved an interim dividend of \$3 million for the year ended 31 December 2013.
- c. In March 2014, the Ministry of Finance clarified that Union Estate Electricity Generation Company Limited position in Trinidad Generation Unlimited would be that of 75% debt and 25% equity effective 31 July 2013. As a consequences, 75% of the capital contributions paid by Limited will be repaid upon a successful loan refinancing by the company. This amount has been duly reclassified to current assets effective 31 July 2013.

Union Estate Electricity Generation Company Limited is expected to return these funds to the government of Trinidad and Tobago upon receipt from Trinidad Generation Unlimited. as a result, this amount has been recorded both as an asset and a liability.

8. Intangible Asset:

This represents a premium calculated as the excess of the purchase price of the minority interest in Trinidad Generation Unlimited over the book value of the shares purchased.

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9. Property, Plant and Equipment:

Cost	Computer Equipment (\$'000)	Furniture Fixtures (\$'000)	Total (\$'000)
Balance as at 1 January 2013	8	6	14
Additions	<u>13</u>	<u>-</u>	<u>13</u>
Balance as at 31 December 2013	<u>21</u>	<u>6</u>	<u>27</u>
Accumulated Depreciation			
Balance as at 1 January 2013	6	2	8
Charge for the year	<u>7</u>	<u>1</u>	<u>8</u>
Balance as at 31 December 2013	<u>13</u>	<u>3</u>	<u>16</u>
Net Book Value			
Balance as at 31 December 2013	<u><u>8</u></u>	<u><u>3</u></u>	<u><u>11</u></u>
Balance as at 31 December 2012	<u><u>2</u></u>	<u><u>4</u></u>	<u><u>6</u></u>

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9. Property, Plant and Equipment (Cont'd):

Cost	Computer Equipment (\$'000)	Furniture Fixtures (\$'000)	Total (\$'000)
Balance as at 1 January 2012	7	5	12
Additions	<u>1</u>	<u>1</u>	<u>2</u>
Balance as at 31 December 2012	<u>8</u>	<u>6</u>	<u>14</u>
Accumulated Depreciation			
Balance as at 1 January 2012	3	1	4
Charge for the year	<u>3</u>	<u>1</u>	<u>4</u>
Balance as at 31 December 2012	<u>6</u>	<u>2</u>	<u>8</u>
Net Book Value			
Balance as at 31 December 2012	<u><u>2</u></u>	<u><u>4</u></u>	<u><u>6</u></u>
Balance as at 31 December 2011	<u><u>4</u></u>	<u><u>4</u></u>	<u><u>8</u></u>

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10. Investment in Subsidiary:

	31 December	
	<u>2013</u>	<u>2012</u>
	(\$'000)	(\$'000)
Balance, beginning of year	725,727	689,463
Current profit on investment	118,844	35,794
Additional Government contributions	30,000	470
Purchase of non-controlling interest	19,024	-
Transfer to accounts receivable	(568,023)	-
Dividend receivable	(3,000)	-
	<u>322,572</u>	<u>725,727</u>

11. Accounts Payable and Accruals:

	31 December	
	<u>2013</u>	<u>2012</u>
	(\$'000)	(\$'000)
Accruals	<u>56</u>	<u>69</u>

12. Stated Capital:

	31 December	
	<u>2013</u>	<u>2012</u>
	(\$'000)	(\$'000)
Authorised		
Unlimited number of shares of no par value		
Issued and fully paid		
5,000,010 ordinary shares at TTD\$1 each	<u>780</u>	<u>780</u>

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13. Advances from Shareholder:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Balance, beginning of the year	741,523	709,178
Additional Government contributions	30,000	33,125
Transfer to payable	(553,799)	-
Transfer to share capital	-	(780)
Balance, end of the year	<u>217,724</u>	<u>741,523</u>

14. Administrative Expenses:

	31 December	
	<u>2013</u> (\$'000)	<u>2012</u> (\$'000)
Accounting and audit	18	18
Consultancies	-	29
Depreciation	8	4
Directors' fees	61	93
Entertainment	1	-
Internet	1	1
Legal and professional	103	55
Miscellaneous	7	7
Office	-	-
Outsourced personnel services	44	87
Overseas travel	16	8
Rent	13	13
Repairs and maintenance	1	1
Stationery	-	1
Telephone	1	1
Training	1	-
Travelling	7	7
	<u>282</u>	<u>325</u>