



Chartered Accountants
& Business Advisors

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2015



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>2015</u> (\$'000)	<u>2014</u> (\$'000)
Current Assets:		
Cash resources	810,673	592,447
Trade and other receivables	73,081	1,183,546
Net investment in leased assets (current)	19,004	23,876
Inventories	60,363	55,471
Tax recoverable	<u>6,426</u>	<u>6,377</u>
Total Current Assets	979,547	1,861,717
Non-Current Assets:		
Intangible asset	75,231	74,515
Deferred tax asset	551,804	670,739
Property, plant and equipment	160,593	109,798
Net investment in leased asset (non-current)	<u>4,680,472</u>	<u>4,664,653</u>
Total Assets	<u>6,447,647</u>	<u>7,381,422</u>

LIABILITIES AND EQUITY

Current Liabilities:		
Trade and other liabilities	44,655	27,437
Short-term loan	1,927,401	-
Tax payable	<u>103</u>	<u>4,514</u>
Total Current Liabilities	1,972,159	31,951
Non-Current Liabilities:		
Amounts due to related parties	1,631,734	3,523,753
Deferred tax liabilities	<u>1,155,175</u>	<u>1,130,452</u>
Total Liabilities	<u>4,759,068</u>	<u>4,686,156</u>
Equity:		
Stated capital	5,007	4,960
Capital contributions	1,394,684	1,381,409
Accumulated surplus	<u>288,888</u>	<u>1,308,897</u>
Total Equity	<u>1,688,579</u>	<u>2,695,266</u>
Total Liabilities and Equity	<u>6,447,647</u>	<u>7,381,422</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Trinidad and Tobago Dollars)

	For the year ended 31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Revenue:		
Finance lease income	648,894	652,410
Other revenue	<u>24,841</u>	<u>24,351</u>
Total Revenue	<u>673,735</u>	<u>676,761</u>
Expenditure:		
Administrative expenses	90,790	90,560
Finance cost	30,235	(1,575)
Operating expense	<u>65,142</u>	<u>40,848</u>
	<u>186,167</u>	<u>129,833</u>
Operating profit before interest income	487,568	546,928
Interest income	<u>43,765</u>	<u>45,328</u>
Net profit before taxation	531,333	592,256
Taxation	<u>(140,830)</u>	<u>(149,243)</u>
Net profit for the year	390,503	443,013
Other Comprehensive Income:		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation adjustment	<u>14,015</u>	<u>(13,898)</u>
Total Comprehensive Income	<u><u>404,519</u></u>	<u><u>429,115</u></u>
Attributable to:		
Equity holders	<u><u>404,519</u></u>	<u><u>429,115</u></u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Trinidad and Tobago Dollars)

	<u>Stated Capital</u> (\$'000)	<u>Capital Contributions</u> (\$'000)	<u>Accumulated Surplus</u> (\$'000)	<u>Total Equity</u> (\$'000)
Year ended 31 December 2014				
Balance as at 1 January 2014	5,022	1,398,790	879,782	2,283,594
Total Comprehensive Income	-	-	429,115	429,115
Difference on exchange	<u>(62)</u>	<u>(17,381)</u>	<u>-</u>	<u>(17,443)</u>
Balance as at 31 December 2014	<u>4,960</u>	<u>1,381,409</u>	<u>1,308,897</u>	<u>2,695,266</u>
Year ended 31 December 2015				
Balance as at 1 January 2015	4,960	1,381,409	1,308,897	2,695,266
Total Comprehensive Income	-	-	404,519	404,519
Difference on exchange	47	13,275	-	13,322
Dividends paid	<u>-</u>	<u>-</u>	<u>(1,424,528)</u>	<u>(1,424,528)</u>
Balance as at 31 December 2015	<u>5,007</u>	<u>1,394,684</u>	<u>288,888</u>	<u>1,688,579</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>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
<u>OPERATING ACTIVITIES</u>		
Net profit before taxation	531,333	592,256
Adjustment for:		
Depreciation	12,417	11,945
Difference on exchange	14,016	(13,897)
Interest income net of interest expense	(43,765)	(45,329)
Loss on disposal of property, plant and equipment	5,752	4,250
Finance lease collection	<u>23,998</u>	<u>21,547</u>
Net profit before changes in working capital	543,751	570,772
Net change in trade and other receivables	1,110,465	(533,960)
Net change in trade payables	17,218	(44,334)
Net change in inventories	(4,892)	962
Net change in due to related parties	<u>-</u>	<u>(16,533)</u>
	1,666,542	(23,093)
Interest received (net)	43,765	45,329
Tax paid	<u>(1,632)</u>	<u>(7,311)</u>
Cash provided by Operating Activities	<u>1,708,675</u>	<u>14,925</u>
<u>INVESTING ACTIVITIES</u>		
Net change in intangible asset	(716)	938
Additions to property, plant and equipment	(113,908)	58,832
Due to related party	<u>(1,892,020)</u>	<u>-</u>
Cash used in Investing Activities	<u>(2,006,644)</u>	<u>59,770</u>
<u>FINANCING ACTIVITIES</u>		
Net change in stated capital	48	(62)
Proceeds from loan	1,927,401	-
Dividends paid	(1,424,528)	-
Net change in capital contributions	<u>13,274</u>	<u>(17,380)</u>
Cash provided by Financing Activities	<u>516,195</u>	<u>(17,442)</u>
Net change in cash and cash equivalents	218,226	57,253
Net cash and cash equivalents, beginning of year	<u>592,447</u>	<u>535,194</u>
Net cash and cash equivalents, end of year	<u><u>810,673</u></u>	<u><u>592,447</u></u>
Represented by:		
Cash resources	<u><u>810,673</u></u>	<u><u>592,447</u></u>



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CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

31 DECEMBER 2015

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 2015, 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.

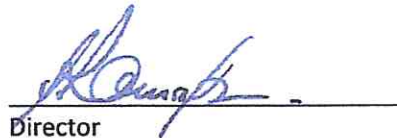
Nothing has come to the attention of management to indicate that the company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

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

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 2015, 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 2015, 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**

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

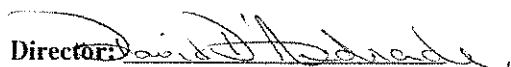
ASSETS

		31 December	
	<u>Notes</u>	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Current Assets:			
Cash resources	5	126,281	93,174
Trade and other receivables	6	11,384	186,136
Net investment in leased assets (current)	7	4,518	3,755
Inventories	8	9,403	8,724
Tax recoverable		<u>1,001</u>	<u>1,003</u>
Total Current Assets		152,587	292,792
Non-Current Assets:			
Intangible asset	9	11,719	11,719
Deferred tax asset	10	85,956	105,487
Property, plant and equipment	11	25,016	17,268
Net investment in leased asset (non-current)	7	<u>729,091</u>	<u>733,609</u>
Total Assets		<u>1,004,369</u>	<u>1,160,875</u>

LIABILITIES AND EQUITY

Current Liabilities:			
Trade and other liabilities	12	6,956	4,315
Short-term loan	13	300,237	-
Tax payable		<u>16</u>	<u>710</u>
Total Current Liabilities		307,209	5,025
Non-Current Liabilities:			
Amounts due to related parties	14	254,180	554,180
Deferred tax liabilities	10	<u>179,945</u>	<u>177,786</u>
Total Liabilities		<u>741,334</u>	<u>736,991</u>
Equity:			
Stated capital	15	780	780
Capital contributions	16	217,254	217,254
Accumulated surplus		<u>45,001</u>	<u>205,850</u>
Total Equity		<u>263,035</u>	<u>423,884</u>
Total Liabilities and Equity		<u>1,004,369</u>	<u>1,160,875</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>2015</u> (\$'000)	<u>2014</u> (\$'000)
Revenue:			
Finance lease income		101,534	101,916
Other revenue	17	<u>3,887</u>	<u>3,804</u>
Total Revenue		<u>105,421</u>	<u>105,720</u>
Expenditure:			
Administrative expenses	18	14,206	14,147
Finance cost	19	4,731	(246)
Operating expense	20	<u>10,193</u>	<u>6,381</u>
		<u>29,130</u>	<u>20,282</u>
Operating profit before interest income		76,291	85,438
Interest income		<u>6,848</u>	<u>7,081</u>
Net profit before taxation		83,139	92,519
Taxation	21	<u>(22,036)</u>	<u>(23,314)</u>
Net profit for the year		61,103	69,205
Other Comprehensive Income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation adjustment		<u>(10)</u>	<u>1</u>
Total Comprehensive Income		<u><u>61,093</u></u>	<u><u>69,206</u></u>
Attributable to:			
Equity holders		<u><u>61,093</u></u>	<u><u>69,206</u></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 2015

(Expressed in United States Dollars)

	<u>Stated Capital</u> (\$'000)	<u>Capital Contributions</u> (\$'000)	<u>Accumulated Surplus</u> (\$'000)	<u>Total Equity</u> (\$'000)
Year ended 31 December 2014				
Balance as at 1 January 2014	780	217,254	136,644	354,678
Total Comprehensive Income	-	-	69,206	69,206
Balance as at 31 December 2014	<u>780</u>	<u>217,254</u>	<u>205,850</u>	<u>423,884</u>
Year ended 31 December 2015				
Balance as at 1 January 2015	780	217,254	205,850	423,884
Total Comprehensive Income	-	-	61,093	61,093
Dividends paid	-	-	(221,942)	(221,942)
Balance as at 31 December 2015	<u>780</u>	<u>217,254</u>	<u>45,001</u>	<u>263,035</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>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
<u>OPERATING ACTIVITIES</u>		
Net profit before taxation	83,139	92,519
Adjustment for:		
Depreciation	1,943	1,866
Unrealised gain on foreign exchange	(10)	1
Interest income net of interest expense	(2,175)	(7,081)
Loss on disposal of property, plant and equipment	900	664
Finance lease collection	<u>3,755</u>	<u>3,366</u>
Net profit before changes in working capital	87,552	91,335
Net change in trade and other receivables	161,773	(78,485)
Net change in trade payables	2,640	(61)
Net change in inventories	<u>(679)</u>	<u>(2,676)</u>
	251,286	10,113
Interest received (net)	15,154	321
Tax paid	<u>(1,037)</u>	<u>(111)</u>
	265,403	10,323
Cash provided by Operating Activities	<u>265,403</u>	<u>10,323</u>
<u>INVESTING ACTIVITIES</u>		
Additions to property, plant and equipment	(10,591)	(273)
Due to related party	<u>(300,000)</u>	<u>-</u>
Cash used in Investing Activities	<u>(310,591)</u>	<u>(273)</u>
<u>FINANCING ACTIVITIES</u>		
Proceeds from loan	300,237	-
Dividends paid	<u>(221,942)</u>	<u>-</u>
Cash provided by Financing Activities	<u>78,295</u>	<u>-</u>
Net change in cash and cash equivalents	33,107	10,050
Net cash and cash equivalents, beginning of year	<u>93,174</u>	<u>83,124</u>
Net cash and cash equivalents, end of year	<u><u>126,281</u></u>	<u><u>93,174</u></u>
Represented by:		
Cash resources	<u><u>126,281</u></u>	<u><u>93,174</u></u>

(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 2015

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.

Trinidad Generation Unlimited is wholly owned by UEEGCL, an entity controlled by the Government of the Republic of Trinidad and Tobago ("GORTT").

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.

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 2015

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

(c) **New accounting standards and interpretations**

- i) The Company has not applied the following standard that became effective during the current year, as it does not apply to the activities of the Company or have a material impact on its financial statements:

IFRS 7 Financial Instruments: Disclosures - Mandatory effective date and transition disclosures (effective for accounting periods beginning on or after 1 January 2015).

- ii) 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 5 Non-current Assets Held for Sale and Discontinued Operations - Amendments regarding changes in methods of disposal (effective for accounting periods beginning on or after 1 January 2016).

IFRS 7 Financial Instruments: Disclosures - Servicing contracts and applicability to condense interim financial statements (effective for accounting periods beginning on or after 1 January 2016).

IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016).

IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

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

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

- IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).
- IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).
- IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2016).
- IAS 7 Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).
- IAS 12 Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).
- IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).
- IAS 19 Employee Benefits: Disclosures - Amendments regarding discount rate: regional market issue (effective for accounting periods beginning on or after 1 January 2016).
- IAS 27 Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective for accounting periods beginning on or after 1 January 2016).
- IAS 28 Investment in Associates - Amendments regarding the sale or contribution of assets between investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

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

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

- IAS 28 Investment in Associates - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).
- IAS 34 Interim Financial Reporting - Amendments regarding disclosure of information "elsewhere in the interim financial report" (effective for accounting periods beginning on or after 1 January 2016).
- IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

The adoption of IFRS 9 Financial Instruments may result in significant changes in the Company's classification and presentation of financial instruments.

(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.

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.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

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

(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.

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.

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

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

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.

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.

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

(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

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.

(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.

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

(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.

(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

	2015	
	Carrying Value (\$'000)	Fair Value (\$'000)
Financial Assets		
Cash resources	126,281	126,281
Trade and other receivables	11,384	11,384
Net investment in leased assets	733,609	1,274,749
Financial Liabilities		
Trade and other liabilities	6,956	6,956
Amounts due to related parties	254,180	254,180

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

Financial Instruments

	2014	
	Carrying Value	Fair Value
Financial Assets	(\$'000)	(\$'000)
Cash resources	93,174	93,174
Trade and other receivables	186,136	186,136
Net investment in leased assets	737,364	1,291,493
 Financial Liabilities		
Trade and other liabilities	4,315	4,315
Amounts due to related parties	554,180	554,180

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

	<u>Effective Rate</u>	<u>Up to 1 year (\$'000)</u>	<u>1 to 5 years (\$'000)</u>	<u>2015 Over 5 years (\$'000)</u>	<u>Non-Interest Bearing (\$'000)</u>	<u>Total (\$'000)</u>
Financial Assets						
Cash resources	1.65%	63,130	-	-	63,151	126,281
Trade and other receivables	0.0%	-	-	-	11,384	11,384
Net investment in leased assets	0.0%	-	-	-	733,609	733,609
		<u>63,130</u>	<u>-</u>	<u>-</u>	<u>808,144</u>	<u>871,274</u>
Financial Liabilities						
Trade and other liabilities	0.0%	-	-	-	6,956	6,956
Amounts due to related parties	0.0%	-	-	-	254,180	254,180
		<u>-</u>	<u>-</u>	<u>-</u>	<u>261,136</u>	<u>261,136</u>
	<u>Effective Rate</u>	<u>Up to 1 year (\$'000)</u>	<u>1 to 5 years (\$'000)</u>	<u>2014 Over 5 years (\$'000)</u>	<u>Non-Interest Bearing (\$'000)</u>	<u>Total (\$'000)</u>
Financial Assets						
Cash resources	0.48%	60,000	-	-	33,174	93,174
Trade and other receivables	0.0%	-	-	-	186,136	186,136
Net investment in leased assets	0.0%	-	-	-	737,364	737,364
		<u>60,000</u>	<u>-</u>	<u>-</u>	<u>956,674</u>	<u>1,016,674</u>
Financial Liabilities						
Trade and other liabilities	0.0%	-	-	-	4,315	4,315
Amounts due to related parties	0.0%	-	-	-	554,180	554,180
		<u>-</u>	<u>-</u>	<u>-</u>	<u>558,495</u>	<u>558,495</u>

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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

	2015			
	<u>Up to</u> <u>1 year</u> <u>(\$'000)</u>	<u>1 to</u> <u>5 years</u> <u>(\$'000)</u>	<u>Over</u> <u>5 years</u> <u>(\$'000)</u>	<u>Total</u> <u>(\$'000)</u>
Financial Assets				
Cash resources	126,281	-	-	126,281
Trade and other receivables	11,384	-	-	11,384
Net investment in leased assets	<u>4,518</u>	<u>22,929</u>	<u>706,162</u>	<u>733,609</u>
	<u><u>142,183</u></u>	<u><u>22,929</u></u>	<u><u>706,162</u></u>	<u><u>871,274</u></u>
Financial Liabilities				
Trade and other liabilities	6,956	-	-	6,956
Amounts due to related parties	<u>254,180</u>	<u>-</u>	<u>-</u>	<u>254,180</u>
	<u><u>261,136</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>261,136</u></u>
	2014			
	<u>Up to</u> <u>1 year</u> <u>(\$'000)</u>	<u>1 to</u> <u>5 years</u> <u>(\$'000)</u>	<u>Over</u> <u>5 years</u> <u>(\$'000)</u>	<u>Total</u> <u>(\$'000)</u>
Financial Assets				
Cash resources	93,174	-	-	93,174
Trade and other receivables	186,136	-	-	186,136
Net investment in leased assets	<u>3,755</u>	<u>20,478</u>	<u>713,131</u>	<u>737,364</u>
	<u><u>283,065</u></u>	<u><u>20,478</u></u>	<u><u>713,131</u></u>	<u><u>1,016,674</u></u>
Financial Liabilities				
Trade and other liabilities	4,315	-	-	4,315
Amounts due to related parties	<u>554,180</u>	<u>-</u>	<u>-</u>	<u>554,180</u>
	<u><u>558,495</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>558,495</u></u>

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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.

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4. Critical Accounting Estimates and Judgements:

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>2015</u> (\$'000)	<u>2014</u> (\$'000)
Cash at bank	63,151	33,174
Short term deposit	<u>63,130</u>	<u>60,000</u>
	<u><u>126,281</u></u>	<u><u>93,174</u></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 1 year with interest rates from 0.65 % - 1.65 % per annum.

6. Trade and Other Receivables:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Trade receivables	1,970	168,792
Accrued revenue	8,704	17,323
Prepayments and other receivables	<u>710</u>	<u>21</u>
	<u><u>11,384</u></u>	<u><u>186,136</u></u>

7. Investment in Leased Assets:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Finance lease – gross investment	2,695,405	2,800,694
Less: Unearned finance income	<u>(1,961,796)</u>	<u>(2,063,330)</u>
Net investment in leased asset	733,609	737,364
Less amounts due within	<u>(4,518)</u>	<u>(3,755)</u>
	<u><u>729,091</u></u>	<u><u>733,609</u></u>

Trinidad Generation Unlimited 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 IA commercial operations.

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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 provision 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 and phase 2 in 2012. Their related costs were transferred from capital work in progress and an investment in these assets was recognized in the respective years.

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

	2015		2014	
	Gross investment (\$'000)	Present value of receivable \$'000	Gross investment (\$'000)	Present value of receivable \$'000
Within 1 year	105,577	4,518	105,289	3,755
1 to 5 years	421,445	22,929	421,445	20,478
Over 5 years	<u>2,168,405</u>	<u>706,162</u>	<u>2,273,959</u>	<u>713,131</u>
	<u>2,695,427</u>	<u>733,609</u>	<u>2,800,693</u>	<u>737,364</u>

8. Inventories:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Spare parts	9,264	8,406
Materials in transit	<u>139</u>	<u>318</u>
	<u>9,403</u>	<u>8,724</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>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
Significant components of deferred tax are as follows:		
Deferred tax asset:		
Tax losses	85,641	105,487
Interest payable	<u>315</u>	<u>-</u>
	<u>85,956</u>	<u>105,487</u>
Deferred tax liabilities:		
Finance lease	178,235	177,453
Plant and equipment	<u>1,710</u>	<u>333</u>
	<u>179,945</u>	<u>177,786</u>

Trinidad Generation Unlimited has unutilized tax losses of **\$342.6 million** (2014: \$421.9 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 or prior year.

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11. Property, Plant and Equipment:

	Computer Equipment (\$'000)	Furniture & Fixtures (\$'000)	Machinery and Equipment \$('000)	Other Assets (\$'000)	Capital Work in Process (\$'000)	Capital Spares (\$'000)	2015 (\$'000)	2014 (\$'000)
Cost								
Balance as at 1 January 2015	21	6	1,400	2,196	-	18,009	21,632	22,022
Additions	-	-	189	54	7,706	2,642	10,591	2,222
Disposals	-	-	-	-	-	(993)	(993)	(6)
Balance as at 31 December 2015	<u>21</u>	<u>6</u>	<u>1,589</u>	<u>2,250</u>	<u>7,706</u>	<u>19,658</u>	<u>31,230</u>	<u>21,606</u>
Accumulated Depreciation								
Balance as at 1 January 2015	20	4	342	848	-	3,150	4,364	2,418
Charge for the year	1	2	59	192	-	1,690	1,944	1,818
Disposals	-	-	-	-	-	(94)	(94)	-
Balance as at 31 December 2015	<u>21</u>	<u>6</u>	<u>401</u>	<u>1,040</u>	<u>-</u>	<u>4,746</u>	<u>6,214</u>	<u>4,236</u>
Net Book Value								
Balance as at 31 December 2015	<u>-</u>	<u>-</u>	<u>1,188</u>	<u>1,210</u>	<u>7,706</u>	<u>14,912</u>	<u>25,016</u>	<u>17,370</u>

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

Cost	Computer Equipment (\$'000)	Furniture & Fixtures (\$'000)	Machinery and Equipment \$('000)	Other Assets (\$'000)	Capital Spares (\$'000)	2013	
						2014 (\$'000)	2013 (\$'000)
Balance as at 1 January 2014	21	6	1,333	1,990	18,673	22,023	17,108
Additions	-	-	67	206	-	273	4,915
Transfer to finance lease	-	-	-	-	(664)	(664)	-
Balance as at 31 December 2014	<u>21</u>	<u>6</u>	<u>1,400</u>	<u>2,196</u>	<u>18,009</u>	<u>21,632</u>	<u>22,023</u>
Accumulated Depreciation							
Balance as at 1 January 2014	13	3	208	615	1,659	2,498	597
Charge for the year	<u>7</u>	<u>1</u>	<u>134</u>	<u>233</u>	<u>1,491</u>	<u>1,866</u>	<u>1,901</u>
Balance as at 31 December 2014	<u>20</u>	<u>4</u>	<u>342</u>	<u>848</u>	<u>3,150</u>	<u>4,364</u>	<u>2,498</u>
Net Book Value							
Balance as at 31 December 2014	<u>1</u>	<u>2</u>	<u>1,058</u>	<u>1,348</u>	<u>14,859</u>	<u>17,268</u>	<u>19,525</u>

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12. Trade and Other Liabilities:

	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Trade payable	1,371	431
Other payable	<u>5,585</u>	<u>3,884</u>
	<u><u>6,956</u></u>	<u><u>4,315</u></u>

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

13. Short-Term Loans:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
TT Dollar denominated (TT\$960 million)	150,237	-
US Dollar denominated (US\$150 million)	<u>150,000</u>	<u>-</u>
	<u><u>300,237</u></u>	<u><u>-</u></u>

The TT dollar denominated loan in the amount of **TT\$960 million** was drawn on 30 September 2015 and matures at the end of 12 months. Interest is based on the TTD Open Market Operations Index plus 155 basis points (effective 2.8% per annum) and is payable semi-annually. The loan can be prepaid and is secured by assignment of the proceeds of the Power Purchase Agreement (PPA).

The US dollar denominated loan in the amount of **US\$150 million** was drawn on 21 December 2015 and matures at the end of 12 months. Interest is based on US dollar 3-month Libor plus 287.5 basis points (effective 3.4605% per annum), and is payable quarterly. The loan can be prepaid and is secured by assignment of the proceeds of the Power Purchase Agreement (PPA).

The proceeds of both loans in the amounts of **\$300,000** plus **\$30,000** of internal cash were used to pay down the balance owing to UEEGCL.

The terms of the agreement mandates certain restrictions on Trinidad Generation Unlimited, including restriction on the issue of shares, incurring additional debt and the payment of any dividends as well as incurring capital expenditure in excess of **US\$20 million**, without the expressed permission of the lenders. These loan agreements contains financial covenants requiring the Trinidad Generation Unlimited to maintain certain interest cover and leverage ratios of 2:1 and 3:1 respectively. Trinidad Generation Unlimited is in compliance with these covenants as at year end.

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14. 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 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>2015</u> (\$'000)	<u>2014</u> (\$'000)
Due to related parties		
Government of the Republic of Trinidad and Tobago	253,858	553,858
National Energy Corporation	<u>322</u>	<u>322</u>
	<u>254,180</u>	<u>554,180</u>
Purchase from related parties		
National Energy Corporation		
- Lease rental and premium	<u>334</u>	<u>334</u>
Due from related parties		
Trinidad and Tobago Electricity Commission	<u>10,674</u>	<u>186,115</u>
Sales to related parties:		
Trinidad and Tobago Commission	<u>105,417</u>	<u>105,720</u>
Compensation of key management personnel		
Short-term employee benefits	<u>1,172</u>	<u>856</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

15. Stated Capital:

	31 December	
	<u>2015</u>	<u>2014</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>

16. Capital Contributions:

	31 December	
	<u>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
Government of Trinidad and Tobago	<u>217,234</u>	<u>217,254</u>

17. Other Revenue:

	31 December	
	<u>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
Capacity revenue - CPL adjustment	3,635	3,603
Energy delivered revenues	248	201
Miscellaneous	<u>4</u>	<u>-</u>
	<u>3,887</u>	<u>3,804</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

18. Administrative Expenses:

	31 December	
	<u>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
Accounting and audit	57	18
Depreciation	1,943	1,866
Directors fees	52	61
Entertainment	2	3
Events and community work	770	854
Insurance	3,276	3,402
Internet	1	1
IT expenses	336	360
Legal and professional	1,139	1,263
Meals and entertainment	-	-
Miscellaneous	-	8
Office	2	53
Other	117	82
Outsourced personnel services	10	44
Overseas tours	3	6
Rent	395	410
Repairs and maintenance	1	1
Salaries and wages	5,390	5,059
Stationery	1	1
Telephone	1	1
Training	-	2
Travelling	531	532
Utilities Water	179	120
	<u>14,206</u>	<u>14,147</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

19. Finance Cost:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Bank charges	5	5
Financing fees	3,451	-
Interest expense	1,260	-
Loss on foreign exchange	<u>15</u>	<u>(251)</u>
Balance, end of the year	<u><u>4,731</u></u>	<u><u>(246)</u></u>

20. Operating Expense:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Calibration and testing	-	121
Contract labour	1,648	1,820
Contract services	3,533	1,620
Equipment rental	-	99
Inspection	873	-
Other	506	2,022
Parts and equipment	372	120
Parts and supplies	2,489	(50)
Security	568	270
Training	204	334
Travel and motor vehicle expenses	-	-
Workshop expenses	<u>-</u>	<u>25</u>
	<u><u>10,193</u></u>	<u><u>6,381</u></u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

21. Taxation:

	31 December	
	<u>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
Components of the taxation credit for the year:		
Business Levy	(230)	(211)
Green Fund Levy	(115)	(106)
Deferred tax	<u>(21,691)</u>	<u>(22,997)</u>
	<u>(22,036)</u>	<u>(23,314)</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>83,139</u>	<u>92,519</u>
Income taxes thereon at the rate of 25%	(20,785)	(23,129)
Non-deductible expenses	(949)	(111)
Reversal of impairment of tax losses	109	125
Business Levy	(230)	(211)
Green Fund Levy	(115)	(106)
Other	<u>(66)</u>	<u>118</u>
	<u>(22,036)</u>	<u>(23,314)</u>

22. Capital Commitments:

At 31 December 2015, Trinidad Generation Unlimited had approved three contracts, the total outstanding value being **\$4.9 million** (2014: 12.627 million).

23. 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 2015 (2014: **\$333,900** dollars).

Trinidad Generation Unlimited also holds operating leases for its motor vehicles. The motor vehicle lease expense of **\$266,923** dollars is recorded in administrative expenses for the year ended 31 December 2015 (2014: \$198,322).

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

23. Operating Lease Commitments (Cont'd):

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

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Within one year	494	507
After one year but not more than five years	1,440	1,548
More than five years	6,010	6,344

24. Contractual Commitments:

On 15 September 2009, Trinidad Generation Unlimited entered into a Power Purchase Agreement for 30 years with Alutrint Limited (Alutrint) and the Trinidad and Tobago Electricity Commission (T&TEC) as buyers in which each of the buyers 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 on 31 July 2011, Phase 1B on 20 December 2011 and Phase 2 became operational on 18 December 2012.

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

25. Financing Commitment:

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 company in the sum of **\$568 million**.

On 30 September 2015 and on 21 December 2015 respectively, Trinidad Generation Unlimited entered into one (1) year loan agreements for bridge facilities to the intended long-term financing (refer to **Note 13**).

Trinidad Generation Limited has embarked on the process to complete the long-term funding.



Chartered Accountants
& Business Advisors

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2015

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 2015, 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

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 2015, 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 2015, 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

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Trinidad and Tobago Dollars)

	<u>ASSETS</u>	31 December	
		<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
	<u>Notes</u>		
Current Assets:			
Cash resources	5	201,248	10,122
Accounts receivable and prepayments	6	6	13
Due from subsidiary		<u>25,678</u>	<u>25,434</u>
Total Current Assets		<u>226,932</u>	<u>35,569</u>
Non-Current Assets:			
Due from subsidiary	7	1,541,733	3,657,216
Intangible asset	8	75,451	75,451
Property, plant and equipment	9	2	15
Investment in subsidiary	10	<u>1,416,673</u>	<u>2,430,541</u>
Total Non-Current Assets		<u>3,033,859</u>	<u>6,163,223</u>
Total Assets		<u>3,260,791</u>	<u>6,198,792</u>
<u>LIABILITIES AND SHAREHOLDER'S EQUITY</u>			
Liabilities:			
Accounts payable and accruals	11	612	507
Due to shareholder		<u>1,642,731</u>	<u>3,565,633</u>
Total Liabilities		<u>1,643,343</u>	<u>3,566,140</u>
Shareholder's Equity:			
Stated capital	12	5,000	5,000
Advances from shareholder	13	1,319,215	1,319,215
Accumulated surplus		<u>293,233</u>	<u>1,308,437</u>
Total Shareholder's Equity		<u>1,617,448</u>	<u>2,632,652</u>
Total Liabilities and Shareholder's Equity		<u>3,260,791</u>	<u>6,198,792</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>2015</u> (\$'000)	<u>2014</u> (\$'000)
Revenue:		
Total Revenue	-	-
Expenditure:		
Administrative expenses (Note 14)	1,671	1,633
Total Expenditure	1,671	1,633
Operating loss	(1,671)	(1,633)
Share of investee profit	393,945	441,661
Net profit for the year	392,274	440,028
Other Comprehensive Income:		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation adjustment	(29)	(361)
Total Comprehensive Income	392,245	439,667

(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)

FOR THE YEAR ENDED 31 DECEMBER 2015

	Accumulated Surplus (\$'000)
Balance as at 1 January 2014	868,770
Total Comprehensive Income	<u>439,667</u>
Balance as at 31 December 2014	<u>1,308,437</u>
Balance as at 1 January 2015	1,308,437
Total Comprehensive Income	392,245
Dividends paid	<u>(1,407,449)</u>
Balance as at 31 December 2015	<u>293,233</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>2015</u> (\$'000)	<u>2014</u> (\$'000)
Operating Activities:		
Net profit for the year	392,274	440,028
Adjustments:		
Depreciation	15	52
Unrealised gain on foreign exchange	<u>(29)</u>	<u>(361)</u>
Operating profit before working capital changes	392,260	439,719
Net change in due from subsidiary	(244)	3,684
Net change in accounts receivable and prepayments	7	(7)
Net change in accounts payable and accruals	<u>105</u>	<u>144</u>
Cash provided by operating activities	<u>392,128</u>	<u>443,540</u>
Investing Activities:		
Purchase of property, plant and equipment	(2)	-
Net change in due from subsidiary	2,115,483	-
Net change in due to shareholder	(1,922,902)	-
Net change in investment in subsidiary	<u>1,013,868</u>	<u>(435,303)</u>
Cash provided by/(used in) investing activities	<u>1,206,447</u>	<u>(435,303)</u>
Financing Activities:		
Dividends paid	<u>(1,407,449)</u>	-
Cash used in financing activities	<u>(1,407,449)</u>	-
Net change in cash and cash equivalents	191,126	8,237
Cash and cash equivalents, beginning of year	<u>10,122</u>	<u>1,885</u>
Cash and cash equivalents, end of year	<u><u>201,248</u></u>	<u><u>10,122</u></u>
Represented by:		
Cash resources	<u><u>201,248</u></u>	<u><u>10,122</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 2015****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.

Trinidad Generation Unlimited is wholly owned by UEEGCL, an entity controlled by the Government of the Republic of Trinidad and Tobago ("GORTT").

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.

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.

(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

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago Dollars)****31 DECEMBER 2015****2. Summary of Significant Accounting Policies (Cont'd):****(c) New accounting standards and interpretations**

- i) The Company has not applied the following standard that became effective during the current year, as it does not apply to the activities of the Company or have a material impact on its financial statements:

IFRS 7 Financial Instruments: Disclosures - Mandatory effective date and transition disclosures (effective for accounting periods beginning on or after 1 January 2015).

- ii) 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 5 Non-current Assets Held for Sale and Discontinued Operations - Amendments regarding changes in methods of disposal (effective for accounting periods beginning on or after 1 January 2016).

IFRS 7 Financial Instruments: Disclosures - Servicing contracts and applicability to condense interim financial statements (effective for accounting periods beginning on or after 1 January 2016).

IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016).

IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception (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 2015

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

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

- IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).
- IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).
- IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2016).
- IAS 7 Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).
- IAS 12 Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).
- IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).
- IAS 19 Employee Benefits: Disclosures - Amendments regarding discount rate: regional market issue (effective for accounting periods beginning on or after 1 January 2016).
- IAS 27 Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective for accounting periods beginning on or after 1 January 2016).
- IAS 28 Investment in Associates - Amendments regarding the sale or contribution of assets between investor and its associate or joint venture (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 2015

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

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

- IAS 28 Investment in Associates - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).
- IAS 34 Interim Financial Reporting - Amendments regarding disclosure of information "elsewhere in the interim financial report" (effective for accounting periods beginning on or after 1 January 2016).
- IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

(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.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

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

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.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

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

(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**.

(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 2015.

(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
(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2015

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

	2015	
	<u>Carrying Value</u> (\$'000)	<u>Fair Value</u> (\$'000)
Financial Assets		
Cash resources	201,248	201,248
Accounts receivable and prepayments	6	6
Due from subsidiary	1,567,411	1,567,411
Financial Liabilities		
Accounts payable and accruals	612	612
Due to shareholder	1,642,731	1,642,731
	2014	
	<u>Carrying Value</u> (\$'000)	<u>Fair Value</u> (\$'000)
Financial Assets		
Cash resources	10,122	10,122
Accounts receivable and prepayments	13	13
Due from subsidiary	3,682,650	3,682,650
Financial Liabilities		
Accounts payable and accruals	507	507
Due to shareholder	3,565,633	3,565,633

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

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	2015				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%	201,248	-	-	-	201,248	
Accounts receivable and prepayments	0.0%	-	-	-	6	6	
Due from subsidiary	0.0%	-	-	-	1,567,411	1,567,411	
		<u>201,248</u>	<u>-</u>	<u>-</u>	<u>1,567,417</u>	<u>1,768,665</u>	
Financial Liabilities							
Accounts payable and accruals	0.0%	-	-	-	612	612	
Due to shareholder	0.0%	-	-	-	1,642,731	1,642,731	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,643,343</u>	<u>1,643,343</u>	

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

3. Financial Risk Management (Cont'd):

(a) Interest rate risk (cont'd)

	Effective Rate	2014				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%	10,122	-	-	-	10,122	
Accounts receivable and prepayments	0.0%	-	-	-	13	13	
Due from subsidiary	0.0%	-	-	-	3,682,650	3,682,650	
		<u>10,122</u>	<u>-</u>	<u>-</u>	<u>3,682,663</u>	<u>3,692,785</u>	
Financial Liabilities							
Accounts payable and accruals	0.0%	-	-	-	507	507	
Due to shareholder	0.0%	-	-	-	3,565,633	3,565,633	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,566,140</u>	<u>3,566,140</u>	

(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.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

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

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:

	2015			
	<u>Up to</u> <u>1 year</u> <u>(\$'000)</u>	<u>1 to</u> <u>5 years</u> <u>(\$'000)</u>	<u>Over</u> <u>5 years</u> <u>(\$'000)</u>	<u>Total</u> <u>(\$'000)</u>
Financial Assets				
Cash resources	201,248	-	-	201,248
Accounts receivable and prepayments	6	-	-	6
Due from subsidiary	<u>25,678</u>	<u>-</u>	<u>1,541,733</u>	<u>1,567,411</u>
	<u>226,932</u>	<u>-</u>	<u>1,541,733</u>	<u>1,768,665</u>
Financial Liabilities				
Accounts payable and accrual	612	-	-	612
Due to shareholder	<u>-</u>	<u>-</u>	<u>1,642,731</u>	<u>1,642,731</u>
	<u>612</u>	<u>-</u>	<u>1,642,731</u>	<u>1,643,343</u>
	2014			
	<u>Up to</u> <u>1 year</u> <u>(\$'000)</u>	<u>1 to</u> <u>5 years</u> <u>(\$'000)</u>	<u>Over</u> <u>5 years</u> <u>(\$'000)</u>	<u>Total</u> <u>(\$'000)</u>
Financial Assets				
Cash resources	10,122	-	-	10,122
Accounts receivable and prepayments	13	-	-	13
Due from subsidiary	<u>25,434</u>	<u>-</u>	<u>3,657,216</u>	<u>3,682,650</u>
	<u>35,569</u>	<u>-</u>	<u>3,657,216</u>	<u>3,692,785</u>
Financial Liabilities				
Accounts payable and accrual	507	-	-	507
Due to shareholder	<u>-</u>	<u>-</u>	<u>3,565,633</u>	<u>3,565,633</u>
	<u>507</u>	<u>-</u>	<u>3,565,633</u>	<u>3,565,633</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in Trinidad and Tobago Dollars)**31 DECEMBER 2015****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 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.

(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.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

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.

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>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
Cash in hand	3	3
First Citizens Bank Limited - TT	2,991	457
First Citizens Bank Limited - US	<u>198,254</u>	<u>9,662</u>
	<u>201,248</u>	<u>10,122</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

6. Accounts Receivable and Prepayments:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Prepayment	<u>6</u>	<u>13</u>

7. Due from Subsidiary:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
a. Cash on hold	25,678	25,434
b. Capital contribution	<u>1,541,733</u>	<u>3,657,216</u>
	<u>1,567,411</u>	<u>3,682,650</u>
Amounts due within one year	25,678	25,434
Amounts due after one year	<u>1,541,733</u>	<u>3,657,216</u>
	<u>1,567,411</u>	<u>3,682,650</u>

- (a) 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. On 29 October 2014, a final dividend of **US \$1 million** was approved in respect of 2013.
- (b) 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 consequence, 75% of the capital contributions paid by the Government of Trinidad and Tobago through Union Estate Electricity Generation Company Limited will be repaid upon a successful loan refinancing by the Trinidad Generation Unlimited. 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 also been recorded as a current liability.

In 2015, Trinidad Generation Unlimited repaid **US\$330,000** to UEEGCL. However, only **US\$300,000** was paid to the Government of Trinidad and Tobago.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

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.

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 2015	131	36	167
Additions	<u>-</u>	<u>2</u>	<u>2</u>
Balance as at 31 December 2015	<u>131</u>	<u>38</u>	<u>169</u>
Accumulated Depreciation			
Balance as at 1 January 2015	117	35	152
Charge for the year	<u>14</u>	<u>1</u>	<u>15</u>
Balance as at 31 December 2015	<u>131</u>	<u>36</u>	<u>167</u>
Net Book Value			
Balance as at 31 December 2015	<u>-</u>	<u>2</u>	<u>2</u>
Balance as at 31 December 2014	<u>14</u>	<u>1</u>	<u>15</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2015

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

Cost	Computer Equipment (\$'000)	Furniture Fixtures (\$'000)	Total (\$'000)
Balance as at 1 January 2014	131	36	167
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 31 December 2014	<u>131</u>	<u>36</u>	<u>167</u>
Accumulated Depreciation			
Balance as at 1 January 2014	74	26	100
Charge for the year	<u>43</u>	<u>9</u>	<u>52</u>
Balance as at 31 December 2014	<u>117</u>	<u>35</u>	<u>152</u>
Net Book Value			
Balance as at 31 December 2014	<u><u>14</u></u>	<u><u>1</u></u>	<u><u>15</u></u>
Balance as at 31 December 2013	<u><u>57</u></u>	<u><u>10</u></u>	<u><u>67</u></u>

10. Investment in Subsidiary:

	31 December	
	2015 (\$'000)	2014 (\$'000)
Balance, beginning of year	2,430,541	1,995,238
Current profit on investment	393,945	441,661
Dividend received	(1,407,813)	-
Dividend receivable	<u>-</u>	<u>(6,358)</u>
Balance, end of the year	<u><u>1,416,673</u></u>	<u><u>2,430,541</u></u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2015

11. Accounts Payable and Accruals:

	31 December	
	<u>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
Accruals	<u>612</u>	<u>507</u>

12. Stated Capital:

	31 December	
	<u>2015</u>	<u>2014</u>
	(\$'000)	(\$'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>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
Balance, beginning of the year	1,319,215	1,319,215
Additional Government contributions	<u>-</u>	<u>-</u>
Balance, end of the year	<u>1,319,215</u>	<u>1,319,215</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars)

31 DECEMBER 2015

14. Administrative Expenses:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Accounting and audit	358	116
Bank charges and interest	69	1
Depreciation	15	53
Directors' fees	330	390
Donations	77	1
Entertainment	13	20
Internet	7	7
Legal and professional	-	519
Miscellaneous	1	53
Office	16	-
Outsourced personnel services	63	280
Overseas travel	16	36
Penalties and interest	1	2
Rent	83	84
Repairs and maintenance	5	9
Salaries and wages	514	-
Stationery	8	4
Telephone	7	8
Training	-	10
Travelling	88	40
	<u>1,671</u>	<u>1,633</u>



Chartered Accountants
& Business Advisors

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States Dollars)

31 DECEMBER 2015



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 2015, 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

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 2015, 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 2015, 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 United States Dollars)

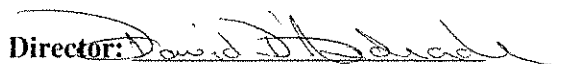
ASSETS

	<u>Notes</u>	31 December	
		<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Current Assets:			
Cash resources	5	31,396	1,592
Accounts receivable and prepayments	6	1	2
Due from subsidiary	7	<u>4,000</u>	<u>4,000</u>
Total Current Assets		<u>35,397</u>	<u>5,594</u>
Non-Current Assets:			
Due from subsidiary	7	238,023	568,023
Intangible asset	8	11,719	11,719
Property, plant and equipment	9	-	3
Investment in subsidiary	10	<u>230,398</u>	<u>391,032</u>
Total Non-Current Assets		<u>480,140</u>	<u>970,777</u>
Total Assets		<u>515,537</u>	<u>976,371</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Liabilities:			
Accounts payable and accruals	11	95	80
Due to shareholder		<u>253,799</u>	<u>553,799</u>
Total Liabilities		<u>253,894</u>	<u>553,879</u>
Shareholder's Equity:			
Stated capital	12	780	780
Advances from shareholder	13	217,724	217,724
Accumulated surplus		<u>43,139</u>	<u>203,988</u>
Total Shareholder's Equity		<u>261,643</u>	<u>422,492</u>
Total Liabilities and Shareholder's Equity		<u>515,537</u>	<u>976,371</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>2015</u> (\$'000)	<u>2014</u> (\$'000)
Revenue:		
Total Revenue	_____ -	_____ -
Expenditure:		
Administrative expenses (Note 14)	_____ 263	_____ 255
Total Expenditure	_____ 263	_____ 255
Operating loss	(263)	(255)
Share of investee profit	_____ 61,366	_____ 69,460
Net profit for the year	61,103	69,205
Other Comprehensive Income:		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation adjustment	_____ (10)	_____ 1
Total Comprehensive Income	<u>_____ 61,093</u>	<u>_____ 69,206</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)

FOR THE YEAR ENDED 31 DECEMBER 2015

	Accumulated Surplus (\$'000)
Balance as at 1 January 2014	134,782
Total Comprehensive Income	<u>69,206</u>
Balance as at 31 December 2014	<u>203,988</u>
Balance as at 1 January 2015	203,988
Total Comprehensive Income	61,093
Dividend paid	<u>(221,942)</u>
Balance as at 31 December 2015	<u>43,139</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>2015</u> (\$'000)	<u>2014</u> (\$'000)
Operating Activities:		
Net profit for the year	61,103	69,205
Adjustments:		
Depreciation	3	8
Unrealized (gain)/loss on foreign exchange	<u>(10)</u>	<u>1</u>
Operating profit before working capital changes	61,096	69,214
Net change in due from subsidiary	-	522
Net change in accounts receivable and prepayments	1	(1)
Net change in accounts payable and accruals	<u>15</u>	<u>24</u>
Cash provided by operating activities	<u>61,112</u>	<u>69,759</u>
Investing Activities:		
Net change in due from subsidiary	330,000	-
Net change in due to shareholder	(300,000)	-
Net change in investment in subsidiary	<u>160,634</u>	<u>(68,460)</u>
Cash provided by/(used in) investing activities	<u>190,634</u>	<u>(68,460)</u>
Financing Activities:		
Dividends paid	<u>(221,942)</u>	<u>-</u>
Cash used in financing activities	<u>(221,942)</u>	<u>-</u>
Net change in cash and cash equivalents	29,804	1,299
Cash and cash equivalents, beginning of year	<u>1,592</u>	<u>293</u>
Cash and cash equivalents, end of year	<u><u>31,396</u></u>	<u><u>1,592</u></u>
Represented by:		
Cash resources	<u><u>31,396</u></u>	<u><u>1,592</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 2015****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.

Trinidad Generation Unlimited is wholly owned by UEEGCL, an entity controlled by the Government of the Republic of Trinidad and Tobago ("GORTT").

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.

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.

(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

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)****31 DECEMBER 2015****2. Summary of Significant Accounting Policies (Cont'd):****(c) New accounting standards and interpretations**

- i) The Company has not applied the following standard that became effective during the current year, as it does not apply to the activities of the Company or have a material impact on its financial statements:

IFRS 7 Financial Instruments: Disclosures - Mandatory effective date and transition disclosures (effective for accounting periods beginning on or after 1 January 2015).

- ii) 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 5 Non-current Assets Held for Sale and Discontinued Operations - Amendments regarding changes in methods of disposal (effective for accounting periods beginning on or after 1 January 2016).

IFRS 7 Financial Instruments: Disclosures - Servicing contracts and applicability to condense interim financial statements (effective for accounting periods beginning on or after 1 January 2016).

IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016).

IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception (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 2015****2. Summary of Significant Accounting Policies (Cont'd):****(c) New accounting standards and interpretations (cont'd)**

- IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).
- IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).
- IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2016).
- IAS 7 Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).
- IAS 12 Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).
- IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).
- IAS 19 Employee Benefits: Disclosures - Amendments regarding discount rate: regional market issue (effective for accounting periods beginning on or after 1 January 2016).
- IAS 27 Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective for accounting periods beginning on or after 1 January 2016).
- IAS 28 Investment in Associates - Amendments regarding the sale or contribution of assets between investor and its associate or joint venture (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 2015

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

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

- IAS 28 Investment in Associates - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).
- IAS 34 Interim Financial Reporting - Amendments regarding disclosure of information "elsewhere in the interim financial report" (effective for accounting periods beginning on or after 1 January 2016).
- IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

(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.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

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

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.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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2. Summary of Significant Accounting Policies (Cont'd):(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**.

(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 2015.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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2. Summary of Significant Accounting Policies (Cont'd):

(I) 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.

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

	2015	
	<u>Carrying Value</u> (\$'000)	<u>Fair Value</u> (\$'000)
Financial Assets		
Cash Resources	31,396	31,396
Accounts receivable and prepayments	1	1
Due from subsidiary	242,023	242,023
Financial Liabilities		
Accounts payable and accruals	95	95
Due to shareholder	253,799	253,799

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

3. Financial Risk Management (Cont'd):

	2014	
	<u>Carrying Value</u> (\$'000)	<u>Fair Value</u> (\$'000)
Financial Assets		
Cash resources	1,592	1,592
Accounts receivable and prepayments	2	2
Due from subsidiary	572,023	572,023
Financial Liabilities		
Accounts payable and accruals	80	80
Due to shareholder	553,799	553,799

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

31 DECEMBER 2015

3. Financial Risk Management (Cont'd):**Financial Instruments**(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	2015				Total (\$'000)
		Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)	Non- Interest Bearing (\$'000)	
Financial Assets						
Cash resources	0.0%	31,396	-	-	-	31,396
Accounts receivable and prepayments	0.0%	-	-	-	1	1
Due from subsidiary	0.0%	-	-	-	242,023	242,023
		<u>31,396</u>	<u>-</u>	<u>-</u>	<u>242,024</u>	<u>273,420</u>
Financial Liabilities						
Accounts payable and accruals	0.0%	-	-	-	95	95
Due to shareholder	0.0%	-	-	-	253,799	253,799
		<u>-</u>	<u>-</u>	<u>-</u>	<u>253,894</u>	<u>253,894</u>
	Effective Rate	2014				Total (\$'000)
		Up to 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)	Non- Interest Bearing (\$'000)	
Financial Assets						
Cash resources	0.0%	1,592	-	-	-	1,592
Accounts receivable and prepayments	0.0%	-	-	-	2	2
Due from subsidiary	0.0%	-	-	-	572,023	572,023
		<u>1,592</u>	<u>-</u>	<u>-</u>	<u>572,025</u>	<u>573,617</u>
Financial Liabilities						
Accounts payable and accruals	0.0%	-	-	-	80	80
Due to shareholder	0.0%	-	-	-	553,799	553,799
		<u>-</u>	<u>-</u>	<u>-</u>	<u>553,879</u>	<u>553,879</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS****(Expressed in United States Dollars)****31 DECEMBER 2015****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.

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) -**

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

	2015			
	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	31,396	-	-	31,396
Accounts receivable and prepayments	1	-	-	1
Due from subsidiary	<u>4,000</u>	<u>-</u>	<u>238,023</u>	<u>242,023</u>
	<u>35,397</u>	<u>-</u>	<u>238,023</u>	<u>273,420</u>
Financial Liabilities				
Accounts payable and accrual	95	-	-	95
Due to shareholder	<u>-</u>	<u>-</u>	<u>253,799</u>	<u>253,799</u>
	<u>95</u>	<u>-</u>	<u>253,799</u>	<u>253,894</u>
	2014			
	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	1,592	-	-	1,592
Accounts receivable and prepayments	2	-	-	2
Due from subsidiary	<u>4,000</u>	<u>-</u>	<u>568,023</u>	<u>572,023</u>
	<u>5,594</u>	<u>-</u>	<u>568,023</u>	<u>573,617</u>
Financial Liabilities				
Accounts payable and accrual	80	-	-	80
Due to shareholder	<u>-</u>	<u>-</u>	<u>553,799</u>	<u>553,799</u>
	<u>80</u>	<u>-</u>	<u>553,799</u>	<u>553,879</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in United States Dollars)**31 DECEMBER 2015****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 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.

(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.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

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

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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.

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>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
First Citizens Bank Limited – TT	466	72
First Citizens Bank Limited – US	30,930	1,520
	<u>31,396</u>	<u>1,592</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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6. Accounts Receivable and Prepayments:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Prepayment	<u>1</u>	<u>2</u>

7. Due from Subsidiary:

	31 December	
	<u>2014</u> (\$'000)	<u>2013</u> (\$'000)
(a) Cash on hand	4,000	4,000
(b) Capital contribution	<u>238,023</u>	<u>568,023</u>
	<u>242,023</u>	<u>572,023</u>
Amounts due within one year	<u>4,000</u>	<u>4,000</u>
Amounts due after one year	<u>238,023</u>	<u>568,023</u>
	<u>242,023</u>	<u>572,023</u>

- (a) 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. On 29 October 2014, a final dividend of US \$1 million was approved in respect of 2013.
- (b) 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 consequence, 75% of the capital contributions paid by the Government of Trinidad and Tobago through Union Estate Electricity Generation Company Limited will be repaid upon a successful loan refinancing by the Trinidad Generation Unlimited. This amount has been duly reclassified to current assets effective 31 July 2013.

In 2015, Trinidad Generation Unlimited repaid **\$330,000** to UEEGCL, however, only **\$300,000** was paid to the Government of Trinidad and Tobago.

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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.

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 2015	21	6	27
Additions	-	-	-
Balance as at 31 December 2015	<u>21</u>	<u>6</u>	<u>27</u>
Accumulated Depreciation			
Balance as at 1 January 2015	20	4	24
Charge for the year	<u>1</u>	<u>2</u>	<u>3</u>
Balance as at 31 December 2015	<u>21</u>	<u>6</u>	<u>27</u>
Net Book Value			
Balance as at 31 December 2015	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 31 December 2014	<u>1</u>	<u>2</u>	<u>3</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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 2014	21	6	27
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 31 December 2014	<u>21</u>	<u>6</u>	<u>27</u>
Accumulated Depreciation			
Balance as at 1 January 2014	13	3	16
Charge for the year	<u>7</u>	<u>1</u>	<u>8</u>
Balance as at 31 December 2014	<u>20</u>	<u>4</u>	<u>24</u>
Net Book Value			
Balance as at 31 December 2014	<u><u>1</u></u>	<u><u>2</u></u>	<u><u>3</u></u>
Balance as at 31 December 2013	<u><u>8</u></u>	<u><u>3</u></u>	<u><u>11</u></u>

10. Investment in Subsidiary:

	31 December	
	<u>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
Balance, beginning of year	391,032	322,572
Current profit on investment	61,366	69,460
Dividend receivable	-	(1,000)
Dividend received	<u>(222,000)</u>	<u>-</u>
Balance, end of the year	<u><u>230,398</u></u>	<u><u>391,032</u></u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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31 DECEMBER 2015

11. Accounts Payable and Accruals:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Accruals	<u>95</u>	<u>80</u>

12. Stated Capital:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'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>

13. Advances from Shareholder:

	31 December	
	<u>2015</u> (\$'000)	<u>2014</u> (\$'000)
Balance, beginning of the year	217,724	217,724
Additional Government contributions	<u>-</u>	<u>-</u>
Balance, end of the year	<u>217,724</u>	<u>217,724</u>

UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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31 DECEMBER 2015

14. Administrative Expenses:

	31 December	
	<u>2015</u>	<u>2014</u>
	(\$'000)	(\$'000)
Accounting and audit	56	18
Bank charges	11	-
Depreciation	2	8
Directors' fees	52	61
Donations	12	-
Entertainment	2	3
Internet	1	1
Legal and professional	-	82
Miscellaneous	-	8
Office	3	-
Outsourced personnel services	10	44
Overseas travel	3	6
Rent	13	13
Repairs and maintenance	1	1
Salaries and wages	81	-
Stationery	1	1
Telephone	1	1
Training	-	2
Travelling	14	6
	<u>263</u>	<u>255</u>